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PANAMA WILL PERMIT M-19 MEETING ONLY WITH COLOMBIAN APPROVAL

Bogota EL TIEMPO in Spanish 27 Jun 80 Sec B p 3

[Text] Yesterday, the Panamanian ambassador to Colombia, Cesar Rodriguez Maylin, stated that he was unaware of any contacts made between M-19 and the Panamanian Government for holding the meeting proposed for the third time by the subversive group with a large number of prominent Colombians in the bordering nation.

A few moments before leaving for the Bambuco Festival in Neiva, Rodriguez remarked: "Any meeting of this kind intended to be held in Panama must have the consent of the Colombian Government, as President Royo told Dr Turbay Ayala on the many occasions when they have held telephone conversations since M-19 suggested the meeting in my country."

Last Tuesday, the insurgent group insisted on the meeting in messages which it sent to former Presidents Lleras Restrepo, Lopez Michelsen, Dario Echandia and Misael Pastrana, as well as to former presidential candidates Alvaro Gomez Belisario Betancur and Maria Eugenia Rojas, and to a heterogeneous group of prominent personages including the author Garcia Marquez, former Foreign Minister Vasquez Carrizosa, retired Gen Valencia Tovar and Jose Joaquin Matallana, congressmen of various ideologies and the guerrilla commanders of the FARC [Revolutionary Armed Forces of Colombia], ELN [Army of National Liberarion], EPL [Popular Liberation Army] and ADO. The M-19 meeting is intended to afford an exchange of views on various topics related to the national reality, and it has been fostered by the subversive leader, Jaime Bateman Cayon, from Santa Marta, who is the organization's commander-in-chief.

The head of the Panamanian mission in Colombia also expressed the view that, "It is likely that M-19 is seeking rapprochement with the Colombian Government, but on neutral territory, where it will be guaranteed freedom to discuss and make proposals. But this does not mean that it has the backing of the Panamanian authorities, because it has not approached us to express its concerns either here or there."

Rodriguez expressed the opinion that the geographical proximity and the attitude of the Panamanian Government in aiding other countries from the standpoint of reaching agreement with those experiencing obstacles in solving their problems could be the reason for M-19's selection of Panama as the site of the meeting. He stressed: "But this meeting will be possible only if President Turbay agrees to its convening, and the receptiveness that we may express to the idea must be interpreted as an action friendly toward Colombia."

The ambassador added that he did not think that there would be any problems in guaranteeing the security of those gathering in his country (if agreement is reached on the meeting) because they have gained experience from meetings as important as that of the UN Security Council in 1973, and, subsequently, in July 1977, when several presidents, including Carter, went to the Isthmus to conclude the process that established new treaties on the Panama Canal. He remarked: "To be sure, this type of summit requires considerable effort, but we would be glad to oblige if we would be serving as catalysts for achieving peace."

He said that M-19 is well known in Panama because of the publicity that it has given itself after its attacks, especially that of 27 February, when it seized the Dominican Embassy here, and that, despite the constant comments on the attack by Panamanians, both the government and the people of the neighboring country are primarily friends of President Turbay, because the Colombians turned over the government to him democratically. Rodriguez was supposed to be one of the hostages in the occupation, but a telephone call from the Panamanian foreign ministry delayed him sufficiently to spare him 2 months of anxiety.

The diplomat is of the opinion that M-19, through its activities, has voiced its views on the state of affairs in Colombia, but that history alone will judge whether it has done so well or badly.

With regard to the rumor which was circulating recently about the return of the No 1 commander, Rosemberg Pabon, to Colombia from Panama, he said that he had no comment on the subject and that, if it were true that he was there, the news would surely have been reported, because "one of the characteristics of our country is that everything is known." He thinks that the story is nothing but a mere rumor.

2909
CSO: 3010

NICARAGUAN COLONEL SEEKS ASYLUM ON COLOMBIAN ISLAND

Bogota EL ESPECTADOR in Spanish 3 Jul 80 p 13-A

[Article by Emilio Zogby]

[Text] San Andres Island, 2 Jul --The man who hijacked a small Nicaraguan Government plane and forced the pilot to take him to this island is a colonel in the Sandinist Army.

Although the Armed Forces and the DAS [Administrative Department of Security] have kept the identity of the deserter and the details of the operation that brought him to San Andres completely confidential, this correspondent was able to established from reliable sources that the man is Elmer Rodriguez, who a little more than a year ago had sought asylum here after he was expelled by the Somoza government.

After the triumph of the revolution, the 22-year old Rodriguez, one of the rebel fighters, was promoted to the rank of colonel in the Sandinist Army. Apparently unhappy with the turn that the country has taken under the junta, which has been in power 1 year this month, he decided unilaterally to desert and once again seek asylum on San Andres.

The Escape

At noon on Tuesday Colonel Rodriguez had set out on an official mission from Managua's Las Mercedes Airport, bound for Corn Island, on a single-engine Nicaraguan Air Force Cessna C-185 piloted by Capt Jorge Bonilla. Some 15 minutes after landing on that island he returned to the plane, supposedly with the intention of returning to Managua. However, a few moments after takeoff he pointed his service pistol at the pilot, ordered him to turn off the radio and head for San Andres.

The light plane appeared over Sesquicentenario Airport at 1615 on Tuesday. The pilot reported the situation and asked permission to land, which was granted after the control tower alerted military authorities.

Yesterday morning, Wednesday, the plane that Colonel Rodriguez hijacked was flown back to Nicaragua by Captain Bonilla. Military high commands and the Colombian Government authorized the aircraft's return in compliance with international treaties.

Meanwhile, the Sandinist Army deserter is being held at DAS offices until the Foreign Ministry decides on his request for political asylum.

8743
CSO: 3010

FIGUEIREDO ON DEMOCRATIZATION, BOLIVIA, FOREIGNERS' LAW

Rio de Janeiro O GLOBO in Portuguese 30 Jul 80 p 4

[Two-part interview with President Joao Baptista de Oliveira Figueiredo by Mexican and Brazilian reporters, at Embrava, on 29 July 1980]

[Text] In a collective interview yesterday, President Joao Figueiredo stated: "I think that political interests are a result of economic interests. This is the reason for the effort that I have made to have relations with nations carried out so that there will be a more intensive commercial exchange."

The interview with the president of the republic was divided into two parts: the first, at Embrava, while he was awaiting the arrival of President Lopez Portillo, and conversed with Mexican newsmen; and the second, at the conclusion of the visit, when he talked with Brazilian newsmen.

1. Interview Granted to Mexican Newsmen

[Question] Why aren't the relations between Brazil and Mexico closer? Could not this friendship between the two countries bring them closer together politically and economically?

[Answer] The contacts have not occurred often, possibly because of the distance and geographical conditions. So we shall take advantage of this friendship which, I am sure, will result in benefits not only for Mexico but also for Brazil. We have complementation in our economies; we have technology that is unknown to the Mexicans, and the Mexicans have technology which the Brazilians lack in certain sectors. We can exchange our technologies for the benefit of both nations; there should be no doubt of this.

[Question] President, in what specific areas could there be economic complementation between the two countries?

[Answer] The main area for us is that relating to the energy problem. In addition, Mexico has the techniques for making use of our phosphate for fertilizer. And we have the iron ore and the aluminum that Mexico needs. Within a very short time, our industry will be totally developed. We also have

the agriculture and the food, which I think are areas in which Mexico has some needs.

[Question] From the political standpoint, how can the countries of Latin America unite to defend the prices of raw materials in view of the worldwide recession?

[Answer] It is my impression (from my visits to friendly nations of America) that, the more bilateral relations there are, and the more interests there are on both sides, the more political interests will exist. I do not believe in political interests based only on idealism. I think that political interests are a result of economic interests. This is the reason for the effort that I have made to have relations with nations carried out so that there will be more intensive commercial exchange, and cultural and technological cooperation that is also more intensive.

[Question] What is your position on political pluralism in Latin America?

[Answer] Well, I think that political pluralism is an issue for each country. I am an advocate of political pluralism, but I favor the self-determination of each country, and each country's choice of the course of action that it desires. However, I favor partisan pluralism.

[Question] How is the process of democratic openness advancing here in your country?

[Answer] For my government, it is going very well; for the opposition, it is going very badly. I think that it is doing well; it could not be doing any better.

[Question] What is the opposition's political position?

[Answer] They want me to have done yesterday what should be done tomorrow. And I think that what should be done today should be done today.

[Question] What has been done for the unity of Latin America and to protect its rights against the violations by the powers? What remains to be done?

[Answer] What has been lacking is what Brazil is doing and what Mexico has been doing, and what President Lopez Portillo is doing here in Brazil: namely contacts, and the most candid dialog possible, with each expressing individual views so as to ascertain which common areas should be defended internationally. Fortunately, for some time there has been no lack of this between Mexico and Brazil.

[Question] How can Brazil and Mexico cooperate on behalf of the development of Latin America, inasmuch as they are the two most developed countries in the area?

[Answer] By studying our economies, to find out the sectors in which complementation is possible. This is already being determined. And also by determining the basis on which that technology will be supplied, the basis for the turnover of technology and of certain industries, the supplying of materials and exchanges of technology.

Mexico has technology in sectors wherein Brazil lacks it, and vice versa. There is the supply of agricultural products which we have, and the supply of copper by Mexico, because we are somewhat lagging in the utilization of our deposits. There is the iron ore which Brazil has. In short, it would be possible to reach an agreement so that neither of the two would feel as if it were merely a customer of the other. Once this has been established, the integration would be normal. Economic interests bring about political integration.

[Question] Could the political instability that has occurred in certain countries impede Latin American integration?

[Answer] Yes, but, on the other hand, the effort that Brazil, Mexico, Argentina, Venezuela, Peru and other American countries have expended to normalize their political situations also serves as a deterrent to prevent these countries from exceeding the bounds of good sense.

[Question] Will Brazil recognize the new government of Bolivia?

[Answer] Brazil has always maintained one position: not to meddle in the internal affairs of any country. So long as an established government has control over the territory and there is no change in relation to our policy, it has always been Brazil's rule to recognize the government.

[Question] What did you mean in your speech by south-south cooperation?

[Answer] Ordinarily, the countries of the Southern Hemisphere have had exchanges with the countries of the Northern Hemisphere. This caused the establishment of the north-south policy. The countries of the Northern Hemisphere viewed the countries of the Southern Hemisphere with a certain amount of reservation. Now, we have reached the conclusion that this south-south link, as we call it, could bring new strength to the countries.

[Question] Africa?

[Answer] Africa and South America.

[Question] Mexico is located in the Northern Hemisphere. How does it stand?

[Answer] Mexico is on the border; and then it is Latin, as we are. And, as I remarked to a friend, all of us, instead of continuing to look to the Northern Hemisphere, must lower our heads a little, to this side precisely.

[Question] Are there some agreements on an international type to be signed, such as this one on the law of the sea, and Tlatelolco?

[Answer] Well, insofar as Tlatelolco is concerned, Mexico and Brazil have an opinion. We have already ratified one treaty, but we have made certain demands that the other nations must recognize. Thus far, that recognition has not been given; and so we are waiting. Those are the areas of disagreement. What was the other matter?

[Question] The law of the sea.

[Answer] We have a view on the law of the sea: the position of the 200-mile limit. Now we are moving to another position: the 200-mile limit on the economic resources in the underwater platform, but without impeding free passage up to 12 miles. This seems to be a middle-of-the-road position.

[Question] Brazil has been a nation of refuge for many Latin Americans. What will happen to them after the new Foreigners Statute is passed?

[Answer] Nothing is going to happen. They will continue living here, if they want, and will be treated in the same way.

[Question] Could more come, if necessary?

[Answer] Yes, they can come, provided they are good. The more who come, the better for us. The law does not ban foreigners from coming; on the contrary. Brazil was made by foreigners, it was made by immigrants. But what we cannot allow is drug traffickers coming here to manufacture drugs in Brazil and, when they are to be expelled, showing a document that says they are married to Brazilian women. The current law, which is moreover a decree-law, prevents the expulsion of those foreigners. So we are often prevented from ridding ourselves of persons whom the native countries themselves do not want, because Brazilian law does not allow it. We must set certain limits to prevent such bad elements from coming. But the good ones may come, as many as want to, for they will be well received. In Sao Paulo alone we have 300,000 Japanese; and they are doing very well.

2. Interview Granted to Brazilian Newsmen

[Question] What about foreign policy, President?

[Answer] What about it?

[Question] What are the results of this visit in the realm of foreign policy?

[Answer] In foreign policy, we are opposed to the establishment of a priori positions on focal points. Hence, my theory is as follows: The more we intensify, the greater the bonds in the economic, cultural and technological areas, the more committed we shall be, or the more facilities there will be

for taking a stand in the political realm. Our political ideas are the same, but each votes as it wishes, and expresses its view unilaterally, without consultation. If there were economic interests at stake, I have the impression that the consultations would increase. Visits, dialog, personal visits and a direct exchange of views greatly facilitate matters.

[Question] Did you discuss Cuba yesterday, President?

[Answer] No, President Lopez Portillo did not mention Cuba.

[Question] What about Bolivia?

[Answer] He did not mention that either.

[Question] What is your opinion of recent events in Bolivia?

[Answer] They are regrettable.

[Question] And in Latin America?

[Answer] I think that it is the Bolivians' problem. That has always been our position. Our tradition has been to recognize those governments which, de facto, control the territory and which do not change the relations with Brazil. The time will come when, if we reach the conclusion that this government is, de facto, controlling the territory and will not change our foreign policy, that it will uphold the international agreements and that it will abide by what it has already agreed upon with us, we shall have to recognize it. This does not mean that we shall give them backing.

[Question] What about the Foreigners' Law, President?

[Answer] What about it?

[Question] Is there much opposition to the government's bill?

[Answer] There is; there is a great deal of opposition, because no one has read the Swiss law, the British law, the American law or the German law. All of them contain every one of these provisions. And no one remembers the following: What is in effect in Brazil is a decree-law and, nevertheless, I sent it to Congress because I thought that it was something so natural that it would be passed. And the proof that it was natural is that it remained there for 15 or 20 days without being noticed by anyone, until a deputy from the opposition made the outcry. Then it became a national issue. I even said to the legate: "Have you read the Swiss law? Switzerland, which is an example for the world; observe the restrictions that have been made, so that we shall not have the situation that you are noting here. This young man married a Brazilian woman on the eve of being expelled, and sent the certificate of marriage to a Brazilian to the Ministry of Justice. And I am prevented from expelling him."

[Question] Does this mean that you consider that a just law?

[Answer] I do consider it a just law.

[Question] Did you approve any amendment in the law?

[Answer] I approved certain things which could improve this situation, for example. The person must be married for at least a certain length of time: 5 years. That is proper. The individual is already married, and already has a child by a Brazilian, or vice-versa.

[Question] The family cannot be penalized either, President, can it?

[Answer] Obviously. The child or the wife is not to blame; or the husband, as the case may be. Now, just before being expelled (and what is worse, there are people who adopt children so as to avoid expulsion), the person registers the child as his own. This is a common occurrence. And there are also instances of people entering the country illegally. And they are competing on the job market in Sao Paulo with Brazilians.

[Question] There are still many people yet to enter, are there not, President?

[Answer] A considerable number; and they are entering now.

[Question] Does this mean that the main purpose of that bill is to protect the job market here in Brazil?

[Answer] Obviously. I observe engineers arriving from Asia (our job market is glutted, and with good engineers) who, naturally, want to be freed from the political upheaval that exists in Asia. But we have ways of selecting; there is a process for selecting. Besides these good people (who are now becoming bad because they are competing on the market with Brazilians), there are many who are no good. They are so bad that the native countries no longer want to take them in. If they were good, they would have remained there.

[Question] Has there been any request from the Pope for a change in the law?

[Answer] Not to me.

[Question] After the bill is passed, will you attempt to order other changes, that is, a different bill?

[Answer] If it proves impossible to accomplish now, I shall attempt to order such changes.

[Question] Another heated issue at present is the reorganization of television in Brazil. What is your opinion?

[Answer] It is my opinion that there should be at least two more networks, so that there will not be a monopoly.

[Question] Do you think that a monopoly exists?

[Answer] What I mean is that a monopoly does not exist. It is like the Army corps in the General Staff School. It is non-existent, but it is there. I mean that it does not exist, but it is there. Roberto Marinho has the monopoly, because only he has it. This does not mean that he has made the monopoly. On the contrary, in a conversation with me he said that there should be other networks. Competition is stimulating, but he is alone on the market, because the others are not equipped to vie with him. So other networks must be created which are equipped to do so.

[Question] Is there a market?

[Answer] There is a market. Someone will lose a piece of it, isn't that so? But everyone loses. The proper policy in this country is the one which is greatly inclined to give in a little, just a little. I have already taken away the salaries of those who earn more. I have already said that the business owners should lose part of their profits to make a better distribution of income possible. Why not take away....

[Question] Will there be expansions of that measure?

[Answer] What do you mean?

[Question] From the standpoint of dividing the profits.

[Answer] Oh, yes, there should be not doubt of this. If it remained as it is, soon the subordinate employees would be catching up with the top echelons, and then what would the situation be?

[Question] There are many people earning more than you. Isn't that ridiculous?

[Answer] Far more people than you think are, and the worst of it is that I am quite satisfied, and I think that I am earning a great deal. If I were allowed to do so, I would reduce my salary, despite the fact that there is nothing left over.

[Question] Will you put an end to the special privileges in the federal agencies?

[Answer] That will be done also, although calling them special privileges is a little exaggerated. There are not so many as is claimed. There are, in fact, certain things that need to be curtailed, such as the renting of houses, for example. Instead of renting the house, the company buys one and turns it over to the official. That is an indirect salary.

[Question] What about air travel? Are more government aircraft used instead of commercial planes?

[Answer] That has been ended. Now, only the ministers do. I even put an end to the chartering of planes. I banned that too.

[Question] And what about the private cars?

[Answer] We are studying it. Brasilia is a special case. Here, we may possibly have a unified mass transportation system. We must study a means of at least economizing on fuel, if not reducing the special privileges.

[Question] The leader Passarinho admitted that the process of succession in the states has backfired. Do you agree?

[Answer] This applies to him, not to me.

[Question] But you are a member of the party.

[Answer] I am, but I have no political future, nor do I want one. So, insofar as I am concerned...

[Question] But, a few days ago, a Sao Paulo deputy said that, without you, the PDS [Social Democratic Party] would be in a difficult situation.

[Answer] Why?

[Question] Perhaps your popularity and your work in the government would help the party....

[Answer] Would they want me to do as Getulio did, being a candidate for deputy and a senator representing all the states? No, not representing my state.

2909
CSO: 3001

PCB ACCEPTS CONVOCATION OF CONSTITUENT ASSEMBLY, SCORES PRESTES

Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Jul 80 p 3

[Text] Sao Paulo--Yesterday, in a report distributed to the press, the National Executive Board of the Central Committee of the Brazilian Communist Party [PCB] announced officially that it agrees to the convocation of a National Constituent Assembly by President Joao Figueiredo. In the report, the PCB's former secretary general, Luiz Carlos Prestes, is indirectly criticized.

The report, authorized by Secretary General Giocondo Dias (who has returned from Moscow) and signed by the Messrs Salomao Malina, Teodoro Mello, Luiz Tenorio de Lima and Givaldo Siqueira, who are the other members of the PCB's Executive Board, states: "It is no problem for us if the Constituent Assembly is convoked by the current president of the republic or by another person. This is a spurious issue."

Backing for PMDB

In the report, the Communist leaders express the view that, "The country's present political structure, as well as its juridical body, which were progressively established after the coup of April 1964, suffer from an original evil: they were imposed on the nation. The latter has never been heard. On the contrary, it has been harshly repressed and abandoned as a whole."

They recall that, since 1967, when the sixth and last congress was held, the PCB has cited the Constituent Assembly "as the best possible solution for the stand-by situation under which the country was living and is still living today." They also think that, "The present task of the democratic forces is to effectively isolate and defeat the authoritarian regime, and to replace it with a democratic regime."

From this perspective (the report continues), the Communists think that the proposal of the PMDB [Brazilian Democratic Movement Party] (aimed at unifying all the opposition forces and devising a common platform in the struggle for the Constituent Assembly) is basically constructive. Despite the fact that it does not stress the need for full popular participation, and

despite the establishment of deadlines, something which is at least questionable, the proposal is aimed in the right direction. Hence, it is basically our proposal as well."

After announcing that they accept the Constituent Assembly with President Figueiredo, the Communists explain: "This means that we are not a coup-oriented force. From our standpoint, the changes should take place by listening to the people, and taking into consideration the masses and their aspirations, desires and interests. Therefore, we deem it necessary to fight for a National Constituent Assembly at which, in addition to dealing with the issues common to everyone, we shall battle on behalf of our own causes, for the expansion of democracy in the economic and social area, and for socialism."

However, the former secretary general, Luis Carlos Prestes, is also criticized indirectly: "We know that there are some who uphold the theory that, rather than strive for the convocation of a Constituent Assembly, we should concentrate our fire on campaigns for the repeal of the laws on national security, the press, striking and other arbitrary laws. They do not perceive that the battle for the National Constituent Assembly includes all the others, and that it is necessary to start from a definite point (which can only be the Constitution, the fundamental law of a nation) to prevent the practice of abuses and absurdities with those laws, which are hampering democratic existence. Everything must be resolved within the context of a Constituent Assembly."

However, the Communist leaders emphasize that they agree to participate in "the movements for the repeal of these laws, considering this action an integral part of the struggle to win legislation the authors of which have the seal of approval of the people, freely expressed."

They conclude by stating: "We think that the Constituent Assembly should occur as a conquest by the masses, from bottom to top, voicing the will of the people on that occasion. Any other Constituent Assembly that is procured by other means could even possibly represent some advancement or gain for the democratic movement, inasmuch as those holding the power cannot keep perpetually the arbitrary legal framework which exists here and which is no longer of any use to them either. But it will always be a partial conquest, not the Constituent Assembly for which we are striving."

Malina Recognizes Political Openness

Two days after former Deputy Hercules Correa recognized the political openness as a reality, another member of the Brazilian Communist Party's Central Committee, Salomao Malina, a member of the national executive board, reiterated that position of his party, admitting that, "Formerly, there was a fascist military regime in Brazil, and now it is obvious that this regime is not the same."

In a joint interview granted yesterday, Mr Salomao Malina explained the report in which the Communists state they they regard the convocation of a Constituent Assembly as a matter of priority. And he defended the legalization of the PCB, so that the new Constitution would represent all of the nation's political forces.

Acting Openly

Mr Malina said: "At the present time, the Communists want to appear with their true identity, and as what they are, subjecting themselves to the people's judgment; and for this purpose we are willing to debate with all the other political forces in the country."

He attributed the political openness to external factors, such as the worldwide economic crisis; but he expressed the view that, "The preponderant factor was the people's resistance to dictatorship. But the openness, although it is real, is still limited; and the means for making it greater is to increase the popular resistance that has been observed in the country during recent years."

Mr Salomao Malina protested against military coup in Bolivia, maintaining that "This coup is a warning to the . ilian people to become aware that a limited openness, such as that given .. Bolivia by President Lidia Gueiler, could lead to a setback. With such limited openness, something similar could occur in Brazil, especially if the military succeed in establishing a fascist-type regime in Bolivia."

Attacks

In analyzing the attacks which occurred during the past few days, Mr Malina said: "The Communists are opposed to terrorism as a matter of principle." He claimed that those attacks "are acts by small right wing groups which want to justify the repression and to prevent the advance of democracy. Those sectors want to create chaos, so as subsequently to appear as guardians of law and order."

Mr Salomao concluded by stressing that, "Those terrorist acts are a continuation of what existed previously, when the regime itself tortured and killed its opponents, or had them disappear. The fact is that now those people cannot commit their actions on the terms with which they did so formerly."

2909
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NETTO DECRIES LOW SAVINGS RATE IN INTERVIEW

Brasilia CORREIO BRAZILIENSE in Portuguese 20 Jul 80 p 7

["Full text" of "exclusive" interview with Planning Minister Antonio Delfim Netto in Brasilia by Frota Neto: "Another Challenge: Savings Formation"; date not given]

[Text] Inflation is alarming. The oil bill is staggering. The balance-of-payments deficit is serious. But something new has been added to the flood of problems vexing government officials. The new source of worry results from the discovery that the domestic savings rate is falling. This situation forces the government to go more deeply into debt abroad in order to maintain domestic economic growth.

This is the most precise point to be drawn from the views of Planning Minister Delfim Netto about the nation's socio-economic condition. He reports that domestic savings are "not enough to pay for everything that everyone wants." He acknowledges that Brazil "is really a poor country." Delfim reminds us that "you can invest only what you save." So, because both the government and the private sector have a low rate of domestic savings and since foreign borrowing will suffice only to balance foreign accounts, something has got to give because there isn't enough money for everything.

Should there be, then, a revision of priorities? Delfim Netto's analysis seems to have the precision of a shot fired by a professional with a telescopic sight. According to him, the government cannot make use of "optimizing options," but must apply restrictions for economic adjustment within what "is politically acceptable." Not that the freedoms of the individual or of society are connected, for better or for worse, with the crisis. As a matter of fact, the democratic game, as the minister himself sees it, is a "game of pressures." On the other hand, although the problems are very serious, "none of them is insurmountable." Hence, the government must learn to handle pressures.

In the political game, to which the planning minister is accustomed, however, one doesn't know what the outcome will be. Delfim admits that the economy is in a narrow passageway, especially because the immediate capacity to absorb is limited. However, to the extent that social groups become organized, there is a demand for performance, an insistence on decisions, a struggle to avoid losses. And the tendency of such socially and politically organized groups is to ignore limitations and restrictions. Superimposed on these assumptions it must be recognized that in the capitalist system there are only two means of saving for investment: the state, through fiscal policy, and the capitalist, through profits.

As controlled prices are restricting profit margins already eroded by inflation, the state must generate a tax load sufficient to form savings. But the characteristics of the Brazilian economy are such that investments by the state, although they create jobs (and hence reduce social pressures), also result in more inflation and thus further disorganize the economy. Moreover, growth based upon action by the state results in an even more extensive role for the government in the economy which, with the concept of inefficiency associated with the public sector, merely postpones the search for and implementation of solutions.

Having established an analytical framework that makes the shortage of domestic savings to meet national requirements the determining factor, the Brazilian problem seems to be channeled in the immediate future not only toward control of inflation but also toward forcing down society's throat a policy of incentives to domestic private savings formation that does not create even greater inequalities among persons and regions.

To this type of problem raised by Delfim Netto must be added high inflation, energy dependency and deficit economic relations abroad. The focal point of the government's demands on the private economy is that of creating jobs. This is avowedly the great challenge facing Delfim. The complete text of the exclusive CORREIO BRAZILIENSE interview with Delfim Netto follows.

'Inflation Will Fall in the Second Half of the Year'

Question: I suppose we could begin with something topical, such as the subject of minimum prices, which are to be determined soon.

Answer: They should be set within a few days. The idea of adopting a minimum price is quite an incentive. That is, it is just enough below the

market pri e to give agriculture a strong incentive. Of course, we are now facing another storm. The drought in the United States is affecting prices alarmingly. Soybean and corn prices had an extraordinary increase in the last 7 or 8 months, at home and abroad. But, in any event, the idea is to provide a sufficiently remunerative minimum price.

Question: In other words, it comes back to the same problem: the farmer is looking at the market price and the government is thinking about the minimum price...

Answer: Right. The most important thing in this case is that you have to continue giving priority to agriculture for many years to come. There is no other solution. Just think of this: it was the biggest crop year in Brazil's history and yet it barely equals consumption. In the case of corn, the expansion of small livestock and hog raising.

Question: The imports are essentially for this, aren't they?

Answer: The imports are to make up for the unsuccessful crop in the Northeast. It didn't yield a thing. They are also due to the cost problem. You already have a high price for corn in the South. If this corn is shipped from the South to the Northeast, there is a sizable transportation cost. So by the time it gets to the Northeast it costs 650 to 700 cruzeiros a sack. It is preferable, then, to bring in corn from the United States and deliver it directly to Recife. Now, credit policy gave an incentive to breed small livestock. To the extent that credit policy itself is involved, it is in this way. It is a formula for offsetting the livestock problem, which has a longer cycle that is very hard to control. These small animals are really like small stockyards, since this is not done to replace beef, but they are an excellent means of controlling the price of beef.

Question: And is consumption responding?

Answer: Rest assured; consumption is gigantic. And there are exports, too, did you know? The trouble is they eat corn and they eat credit. They eat credit and corn.

Question: You spoke of the Northeast. You said the Northeast crop yielded nothing. Despite this, the Northeast wants to become independent...

Answer: Is it so they can join OPEC, do you think? (Laughter.) Really, there is a wisecrack going around to that effect. We had prepared for a great crop year in the Northeast. The incentives for drought control were carried out last year, practically right on the farm, as is being done this year. We had increased the planted area by 650,000 to 700,000 hectares. Unfortunately, there was another drought. Two drought years in a row are a tragic occurrence; no one can withstand it.

Question: This was forecast more than 6 years ago. That is, there was maximum solar activity. In 1977 the Max Planct Institute predicted that the Northeast would have these terrible drought years.

Answer: I don't believe there will be 6 years of drought. In fact, 2 drought years in a row are a rare occurrence.

Question: Now what about this notion that the press is calling separatism? Isn't there anything to it?

Answer: Nothing at all. It's a lot of nonsense.

Question: You say there is nothing to this, and yet behind the rhetoric there is a real feeling of injustice in terms of income.

Answer: My own feeling is that people refuse to believe the problem of the Northeast is water. Every time the problem is attacked as if it were an emergency the basis is false. Drought is what is normal in the Northeast. Not as bad as recent years, but it is still a drought, a scarcity of water that never permits full development of agriculture and livestock, something of which I believe Brazil is now becoming aware. What needs to be solved is the water problem. I think this Water Plan that [Interior Minister] Andreazza is carrying out will produce good results.

Question: Mr Minister, they are saying that this superharvest that was expected this year has not materialized.

Answer: Why not? It did materialize. It is the best crop year in history. The only problem is that even though it is good it isn't good enough. We had 3 very poor crop years and during those 3 years consumption continued to grow. That is the truth of the matter. We are having an exceptional crop, good enough to meet consumption but not enough to leave any surplus.

Question: But is it at least what was expected?

Answer: No; 150.2 million tons [as published; 50.2 million tons?] of grain. I would have liked it to be more. But we are 18 percent ahead of last year. It is really a good result.

Question: What about next year? Do you think there will be any change in regard to improvement?

Answer: No, no. For next year we are trying to encourage people to plant, to increase the planted area. If everything goes well, we shall have another very good crop. The problem of weather is critical.

Question: Yesterday the Agriculture Ministry people were here and when they left they said that during their conversation you had said there wouldn't be money for credit to agriculture this year.

Answer: That is not true. What I told them and what I have been saying right along is that we cannot finance 100 percent of everything. We don't have domestic savings for this. Moreover, since we had good crops this

year, it would be reasonable to expect big farmers to put up 20 percent, to reinvest their profits.

Question: True. They had a pretty good year.

Answer: Of course; so it is reasonable to expect them to put some money into agriculture.

Question: That is what they refuse to admit. What they said when they left the meeting is that there isn't any money to reinvest.

Answer: No, that isn't true. Of course, if I want to invest in real estate ...very well. It is just that this activity is not one of their vices. Obviously, agriculture was very lucrative in 1979-80. I think they are in a position to invest money. Then people say: look at the way wheat production fell. Now, wheat production fell simply because PROAGRO [Agriculture and Livestock Activity Support Program] was reduced. At this point there isn't any wheat problem; the problem is PROAGRO. The crop itself was not reduced; the planted area was reduced.

Question: You also spoke of weather as a critical factor. Could it not be because Brazilian agriculture does not have specific zoning...

Answer: No, because if there isn't any rain for 1 month during the critical period, it's finished. No matter how well agriculture may be zoned, if there is no water nothing turns out well. Agriculture here is like anywhere in the world. Except that Brazil has an advantage, just as does the United States. Because of the size of its territory, there can be drought in one place but floods in another. So that there is always a mean. There aren't those terrible crop failures as in smaller countries. But, in any event, weather is critical for agriculture; there is nothing you can do about that. And no one can imagine an agriculture of this size totally irrigated. That cannot be done.

Question: You mention irrigation. In the II PND [Second National Development Plan]--I am talking about something already in the past--the goal to be achieved in irrigation was 100,000 hectares. According to what is reported, this goal hasn't been reached yet and we are already going into the Third Plan...It appears that the Interior Ministry has hardly any funds for this. Then you say the problem of the Northeast is water. Well, irrigation is nothing more than the management of water. Really, how are you going to solve this problem if there isn't any money for irrigation?

Answer: What do you mean, there isn't any money? There are 50 billion cruzeiros for the Water Plan in the Northeast alone and besides there is DNOCS [National Drought Control Department]... They all have money. What happens is that the projects are very expensive. Their costs are usually very high.

Question: All these tears being shed in the Northeast may be the only salvation.

Answer: It was the only solution, don't you think? (Laughter.) But there is money. Several irrigation projects are being done and they are progressing. They are lengthy and expensive. Now, there is one thing that is certain. It is that no one can be convinced that Brazil is really a poor country. If you add up what everyone wants, it will come to eight times domestic savings. Let's take agriculture, which is the number-one priority. If agriculture were to be given everything it asks for, there wouldn't be enough domestic savings to pay for it. This is what I have been saying. Agriculture is the number-one priority: Brazil has a slightly higher priority than does agriculture. There is no other way to get things done.

Question: Are you saying that the sum of everyone's wishes is eight times savings?

Answer: At least, at least. It adds up to that. And look here. This situation has good reason for being. It didn't happen by chance. The situation is essentially the product of depending on much more than is possible, much more than society is willing to save.

Question: You mean you think inflation can be blamed, as [Industry and Commerce] Minister Camilo Penna says, on unrestrained consumerism?

Answer: No, it is not consumerism. Consumerism is part of the society in which we live. Without that consumerism there wouldn't be a need for us to be here. I believe that you can really invest only what you save. And we want to invest eight times as much as we save. But it can't be done. Inevitably something has got to give. Just think a minute. Demand today seems infinite. If there were money, financing agricultural equipment would consume the 100,000 tractors that could be produced, all the harvesters, all the agriculture equipment. And in fact it would really be consumption, since there isn't enough savings to do this.

Question: Beyond the limited nature of this savings, do you think the structure of its distribution is appropriate?

Answer: Brazil used to save, I think, 24 to 25 percent of its product. That is what it must have been saving during the golden era of most rapid growth. I suspect that it is now saving 18 percent of its product. The increased price of oil is a tax, a very heavy one, a brutal thing. You are transferring to petroleum exporters substantial amounts of domestic savings. So this is how much could be invested, but you are involved in various projects, dozens of gigantic projects. But what about the financing for all this production that is going on? Really, there just isn't enough money for everything.

Question: In regard to this matter--we have already put it in our paper--recently we have seen at least four names in our economic world, such as Gudin, Bulhoes, Simonsen and Roberto Campos, who do not appear to reject the remedy you are using against inflation, but rather the dosage and the timing. How do you explain this front?

Answer: I don't see any such front. Really, I don't see any front at all. On the contrary, what I have read by Dr Gudin is much more than approval. Of course, Dr Gudin would prefer a somewhat more drastic solution than what is being applied. But just yesterday he said that recession was not the path to take. What Dr Gudin is saying, and it is true, is that the government should already have imposed greater restrictions. But the government is doing this.

Question: Is the dosage small?

Answer: No, the dosage isn't small. It is the politically acceptable dosage. That is why there are limitations.

Question: Wasn't the model politically acceptable? Everyone now has ideas about alternative programs. Even the PDS [Social Democratic Party] would like to make a proposal, so...

Answer: It seems to me that Brazil is having an attack of pretentiousness. Everyone is talking about a model. Most of the deputies in Congress don't know what they're talking about. And "model" is a good word. There is a game that could be played: put together 10 words--transcendence, model, and so forth--and a combination of phrases can be put together that more or less amounts to the suggestion of the PDS.

Question: Wouldn't there be any need, then, for having an agreement with the party?

Answer: It seems to me we have a mania for thinking that Brazil is unique. The Brazilian has a mania for thinking that Brazil is a special case, which it isn't. It is an absolutely normal case. Brazilian inflation results from elementary errors and from difficulties that are also obvious; there's no need to hunt for such problems. You have a structure that is really extremely dependent on importing petroleum. You have in 1 year an increase of $20 in the price of a barrel of oil. In May 1979 a barrel of oil cost $14; in June 1980 it was $33 to $34. That's all there is to it. Push this funnel under the economy here, and see what happens. The cost of fuel goes up. As the cost of gasoline and diesel fuel goes up, all transportation costs rise. As it flows on, all production costs go up, in the iron and steel industry, the cement industry, the glass industry. As the price of naphtha goes up, so does the production cost in the whole petrochemical sector. This is the state of affairs: 126 percent increase in the foreign price!

Question: Mr Minister, you came into the government this time because you were the last remaining reserve of optimistic belief in technocracy. Recently one gets the impression that this reserve is being depleted.

Answer: No, that's not the way I see it. Brazil has serious problems, of course, but none of them is insurmountable. Brazil has one problem that is most troublesome. This problem of inflation, for example, is difficult,

but it is not a serious problem. The most serious is the balance of payments problem and we are solving it. That is true. It is coming right along, moving toward an acceptable solution. The money is coming in. They said it would not come in, but it is coming normally. We are moving in the direction of relative equilibrium in the trade balance. Now it depends on whether random factors, over which you have very little control, can be resolved. As a matter of fact, you have very little control today over such critical factors. The role of foreign economies is, more or less, to adjust to changes in these critical factors. Brazil has much less room in which to make such adjustment. That is a fact. But Brazil is making an adjustment that is clearly better than that being made by any other country in the world... Now, we are not paying attention to what is really happening. We are prisoners of superficial events. We have not noticed that, despite all the difficulties, domestic petroleum production is increasing. It is about 202,000 to 205,000 barrels a day. In 1984-85, if all goes well, we should reach 500,000 barrels. In 1984-85 we should produce 170,000 barrels of alcohol and the equivalent of 130,000 barrels of coal daily. That is, the supply will be 800,000 barrels a day. Consumption should be about 1,400,000 barrels. That means we will be importing about 600,000 barrels a day, whereas today it is almost 1 million. That is a substantial, an immense effort. But these things are not apparent, because they are over there in the real part of the economy, which no one sees.

Question: But isn't the economy, in principle, putting up a lot of resistance to this economicosocial conservation?

Answer: But if it resisted less, what difference would it make? No one wants to lose his position. Everyone is comfortable where he is. Even when a person is not well off he is afraid that a new position would be even worse.

Question: The analysis of this economic crisis--we are always going through a crisis--has become a neurotic factor, because it has begun to cast a shadow over the process of political liberalization. That is, today one sees members of the opposition, such as Tancredo, who think the opposition can even arrive at a pact with the government to adopt more drastic measures. There has almost been a civil war over this process you are administering. So this neurosis, projected over the political field by the economic crisis, is a reality today.

Answer: I don't think so. The inflationary process is not out of control. Inflation is high, but it is not out of control. Inflation is hitting the roof, that is quite true, but if you will look at the rate of increase, it is diminishing. People in the political area have their anxieties, which is normal. Now, as to whether this could cause some trouble for liberalization, I don't really think it can. I don't think it can. What could cause trouble for liberalization would be a recession.

Question: But isn't the support of these opposition politicians necessary?

Answer: No; I think the role of the opposition is to remain in the opposition. And to submit its model, if it can formulate one. But not that collection of miscellaneous ideas, like laundry hanging out to dry in the wind, as last weekend. Let us see if they can present a consistent program. It is such an easy thing to do. If I were in the opposition, I would do it.

Question: Then what prevents the government from doing it?

Answer: The government is doing what, in its opinion, is the best thing to do. It looks to me as if the opposition can't even come up with a worse idea.

Question: But what is being said is that the government knows what needs to be done but cannot manage to do it unaided.

Answer: That isn't so. I think there are a number of things to be said. Everyone wants liberalization but nobody wants its consequences. That means, in fact, that we are living a contradiction. That is the source of the anxiety to which you referred. Along come the businessmen and they ask for liberalization; they want a democratic regime established. But at the first little strike, they run to the police. In other words, no sooner does the game begin than they want to take away the ball. And that's the way it is with everyone, so a little strike in the ABC [referring to the industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul] was transformed into a national event, forgetting that there were 40 million working and only 40,000 on strike.

Question: But it was the government, not the businessmen, who arrested Lula [metalworkers union leader] under the National Security Law.

Answer: So what? The law is the law; what can you do? My point is that no one wants to play the game. But you have to have this game; there is no other way.

Question: But the anxiety problem of which I speak is in another sense. In that you, who are administering the economy, refuse to lead the economy to recession, but the government is in fact already leading the political area to recession. There is already a recession in the political area. That is, there have not been any municipal elections; no one believes there will be direct elections in 1982.

Answer: I don't think there is any reason for that. I don't see any connection between the political phenomenon and the government's current policy. The problem of the municipal elections was a fatality of the calendar the politicians drew up. The economy can't be dragged in to explain that. I think it is necessary to understand this: there is a set of rules that must be respected if it is desired to construct a liberal political society. Within that framework, the fight against inflation has certain limitations. It is not like what could have been done in the past; it is different.

Question: It seems to me that the democratic game is a game of pressures and that the government seems immune to pressures from wage-earners, from workers, but not to those from the upper classes.

Answer: Heavens above! What is happening? If you look at what is happening, what do you see? An enormous transfer of income is taking place. There is a very intense transfer of income. That is the overriding point. We are transferring income from profits to wages at a really astounding rate. One need only look. That is the most significant thing that is happening.

Question: There you come to the place where the economy and the political process intersect. For example, this wage increase every 6 months. The businessmen think it is impractical to go ahead with this, because it really feeds inflation. But from the political point of view it would be a disaster to change it.

Answer: Everyone wants things, but they don't want the consequences of those very things. How can that be? It was they who asked for this. Now they must put up with the outcome of the game. Suppose you challenge the other team to a game, everyone puts on his uniform, you can't wait to put on your new soccer shoes, and then in the middle of the game you say: "Take away the ball; get it out of here!"

Question: Tell me now, did the pope's visit hinder or help?

Answer: I honestly think we may be giving it a somewhat exaggerated connotation. The pope came here and showed that Brazil needs a certain unification and that it is ready for this unification. He also showed that the nation may perhaps be more Catholic than it appeared. Time will tell.

Question: At least, that it is more papist?

Answer: He said some things that are not very different from those the government is saying and that everyone is saying. Everyone knows that there is really a very poor distribution of income; everyone knows that there is a defective distribution of regional income. Everyone knows all this. What is not known is how to correct it.

Question: Moreover, the pope is infallible because he only says the obvious. As part of this whole story, Mr Gileno De Carli, one of the biggest landowners in Pernambuco, now favors agrarian reform, as long as it does not touch his land.

Answer: I contend that the expression "agrarian reform" is like nothing so much as a 5-foot, 10-inch blond weighing 130 pounds. There is no one who doesn't want it. The only trouble is, there isn't enough to go around. The expression is so vague, that anything goes. So a person puts into one word such as this--this is a real technique--all his anxieties. Of course, if you could hand over a piece of land to everyone, marked off, with

unlimited credit, unlimited technical assistance, the best quality seeds; distribute to each person a couple of animals, build him a house completely furnished, it would be a marvelous thing. This is what we all want. But it would require 18 times as much savings as we have. So how can it be done? These are the cold facts. How is it done? It is necessary to have savings to do this. Now, where land tenure is holding back production the government, obviously, is acting. If you just look, you will see it is acting; it is extremely active. But where land tenure is not a major factor in restricting production, it would be foolish to interfere and do anything that would disorganize production. You must look at things as they are and not remain a prisoner of an expression such as this agrarian reform. It's wonderful. You make up something that is really a dream and then you put anything you want into it. You want socialism; everyone is a socialist, because socialism is everything that you would like to see happen. This is the way you define it.

Question: There was an interministerial group set up last year to study the Amazon region that suggested a tenancy system. I don't know; was it the Australian system?

Answer: But Australia does not have the same property system that we have. It has a different type of organization, a more open organization. Think of it: they now have an opportunity to develop minerals and are entirely open, because they aren't afraid of foreign capital. Foreign capital can't frighten anyone. The controls the government has over foreign capital are such that they are really an instrument in the hands of the government; foreign capital hasn't the least power to do anything. The biggest corporation couldn't budge the third echelon of the Central Bank.

Question: But what these people fear is not foreign capital. Those who are complaining really fear the government. That's the way it is.

Answer: That's too deep for me. What do you mean?

Question: It's not really very deep. They are really afraid of this relationship between the government and foreign capital. No one is coming out and criticizing the multinational companies that sell powdered milk. The major criticism is the very intimate relations they have with the persons who administer milk prices.

Answer: That isn't true. Those are unfounded accusations. The trouble is, this is a country of irresponsible people. A person can say whatever he wants without anything happening to him.

Question: Mr Minister, just to examine one more aspect. You were speaking just now about the opposition's alternatives regarding recession. It is said that such a position would change the model. So, what are the points you consider most consistent in the opposition's criticisms?

Answer: The fact of the matter is that the government has a concept of Brazil and, within that concept, it acts with the conviction that it is correct. If you were to come up with a consistent alternative, perhaps it could produce some effect. But there isn't any, and there isn't any simply because there is nothing unique in the Brazilian situation. It is ridiculous that this has not been understood. There is nothing special. If it were said that Brazil is a special case it would be necessary to construct a new view of the world; it would require a special sociology, a special economics. But it is nothing of the sort. Brazil is an ordinary case of development, because of the mechanics of development; it has an ordinary case of inflation because of the mechanics of inflation. There is nothing secret about Brazil.

Question: Now, just in conclusion, you said inflation is under control, that it is nothing new, and that it is hitting the roof. Does this mean that if it hits the roof it has to come down?

Answer: I am convinced that in the second half of this year we are going to see a gradual and consistent reduction in the rate of inflation. Every time you turn around there is a new problem. Two months ago no one would have predicted what is happening today, with international prices of basic commodities rising. This creates additional difficulties. But in spite of all this I am convinced that in the second half of the year we will have a reduction in inflation.

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GALVEAS DEEMS EXPORTS OF $20 BILLION 'MOST VIABLE'GOAL

Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Jul 80 p 30

[Interview with Finance Minister Ernane Galveas by members of FOLHA's Brasilia branch staff; date and place not specified]

[Text] Brasilia--The finance minister, Ernane Galveas, views the comments by the International Monetary Fund regarding the Brazilian Government's economic and financial policy as confirmation of the efficacy of the measures adopted thus far. In an interview granted to FOLHA, Galveas denied that the IMF's praise implied an attempt at interference by the Fund, or was a sign that the government was working in conjunction with the institution, receiving support for the implementation of its economic policy.

As for the criticism, particularly that related to wage policy, Galveas was very evasive, preferring to comment on the IMF's recognition of the exchange devaluation as a fitting measure to readjust the balance of payments, as well as on the positive effects of the cuts in the investments of public enterprises, and on the approval of the selection of agriculture and exports as the proper sectors for greater investment.

The finance minister discussed the deviations in economic policy and the effects of external problems on the goals set by the government; but he gave assurance of a credit expansion within the 45 percent limit, reaffirmed the viability of $20 billion in exports this year, and explained the methods for eliminating the subsidies for petroleum and other products.

Price Control Is Difficult and Not the Best Course of Action

FOLHA: Does the fact that the IMF has gone into detail in its praise of the Brazilian Government's economic and financial policy mean that the government is working in conjunction with the institution?

Galveas: When it is working properly, with balance and good sense, obviously the backing increases. The Fund consists of individuals who are familiar with the economies of other countries, and with Brazil's experience. And they know what is most proper for Brazil, or what could represent a flaw

in the economic policy. The exchange devaluation was acknowledged to be a fitting measure to readjust the balance of payments. They were of the opinion that the investment cuts in public enterprises are an important factor, from the standpoint of reducing the demand responsible for the inflationary pressure, as is our investment in certain sectors, namely, agriculture and exports.

Like any technician with a little academic insight, they observe problems in the subsidized interests that are still in effect in Brazil, and in the extensive system of rates for agriculture or exports.

FOLHA: What about the criticism of the wage policy?

Galveas: From the standpoint of the system's administration, the wage policy is a law passed by Congress. The business firms are only carrying out what the law stipulates. On the subject of interest rates, the Fund believes, as we do, that the subsidy is implicit in the interest rate for certain sectors, and that it is a program which will change when inflation is reduced, thus making its elimination possible.

FOLHA: But, Minister, is not the Fund's criticism of the current wage policy an attempt to interfere, at least in the country's economic and financial policy?

Galveas: The Fund is not meddling in the operational details, that is, the management of funds, particularly in the case of a country which has no debts nor lines of credit with it. It has not stooped to that level of interference.

The IMF's "approach" is liberal, that of a market economy. The rules of the market must operate in internal relations, and the free trade system in international relations, based on a single rate of exchange. That is the fundamental "approach" which has been reflected in some of the guidelines followed by the majority of countries. Brazil does not depart from this to any great extent. This is more or less what it will attempt to do, obviously abiding by the structure and features of the Brazilian economy.

FOLHA: What is the status of a market economy with price controls?

Galveas: We do not like price controls very much either, but we think that it would be extremely difficult to operate without the control system at present, because it is an important factor in this transitional phase to uphold a policy which will not make industrial expenditures too costly and which therefore will not cause a series of price hikes. We are controlling public services, then we shall control basic input and, subsequently, food products.

International experience shows that price control is not the best course of action for combating inflation, but with a system in full operation it is difficult to abandon the measure.

We are living with a system of price controls and interest rates. According to the rules of the liberal economy, the interest rate system should be as free as possible. Since there is excessive demand as a result of the expansion of the economy itself, if we allowed the interest rate to operate freely, it would reach such high levels that it could really create serious problems in the business firms, particularly in the areas of agriculture or exports.

Now, since there are major regional disparities, and also major imbalances, especially between the rural and industrial areas, and since there is an essential need for promoting exports, we have, for a long time, also been implementing a policy of subsidies to certain sectors of the economy. And we do not intend to decontrol that soon, unless we can really bring inflation to a lower level, on which occasion these things could be reorganized.

FOLHA: Minister, are we to understand that the Fund's report represents indirect backing for the economic and financial policy being implemented by Brazil?

Galveas: Not indirect; I consider it direct backing. The Fund examined our situation, and the measures which the government has adopted, and deemed them correct.

FOLHA: Would this benefit the procurement of funds on the external market?

Galveas: I consider it good for Brazil. The Fund is a reliable agency, an agency which has one of the best technical staffs, recruited from the best universities. Therefore, when an agency such as the Monetary Fund examines the measures that were adopted to cope with the problem of inflation and lack of equilibrium in the balance of payments, and considers them correct, this is a good thing for the country. Those reports are known to the large business owners, governments and bankers, and hence I think that this is a help.

FOLHA: Do you not think that there may possibly be a concealed intention with a report of this type; in other words, could it not be a way in which the IMF is flattering Brazil, making it more inclined to accept its recommendations?

Galveas: I do not think that there is any ulterior motive. The Fund operates with the greatest candor and freedom of opinion. It members are dispassionate and very proper in their terms when they make analyses of the economies of the member nations.

FOLHA: Certain business firms are not abiding by the price limits imposed by the government, and in the case of cement, the prices of which exceed the

fixed limit, and which no one can stop purchasing, the solution has been to pass on the difference. What is your opinion of this?

Galveas: The criticism made of this price control is that the administration of the system is very difficult. Many distortions have obviously been created on the basis of the system itself, but when there is a short supply in a certain sector, the market itself tends to adjust to the demand, generating its own mechanisms, such as payment under the table, in other words, creating a black market.

There are imperfections stemming from the price administration system itself. But this is no risk. People know that such cases exist. Consider beans: control the price and there are no beans. They will show up on the black market at a far higher price. The same thing holds true for the system. The CIP [Interministerial Price Council] sets the maximum price, but there is a greater demand than a supply at a given time. Then a group of agents appear in the system, taking advantage of the situation. It is my opinion that, on the whole, this is not really very significant. Generally speaking, the business firms are abiding by the general rules and limitations set by the administration.

Credit Expansion Will Not Exceed the 50 Percent Limit

FOLHA: Minister, will the same thing occur in the area of interest? With the limits set on credit expansion, the Bank of Brazil is making a revision in its accounts to avoid exceeding the 45 percent limit. This will surely be detrimental to industry and commerce. Is there no device being studied to prevent the fraud which, according to rumors, is being made possible by loans at 63 percent, whereas the established rate is 54 percent?

Galveas: The government only established thresholds; it only set interest rates for application. The government took the rates which were in effect in August, and established a reducing figure of 10 in the system as a whole. Ever since then, everyone has been operating at a fixed rate.

If some are evading that rate, through deception, this is not the impression that the people examining the banks' balance sheets have received. The system as a whole is satisfactorily adhering to the decisions of the National Monetary Council [CMN].

In the area of procuring funds, we have set no limit, but have only called for judgment which affords discipline in the system itself. As part of the self-regulation process, anyone who failed to adapt would not procure funds. Therefore, no more than 54 percent would be procured, and so the CMN has not made any stipulation in this regard. What does exist is an understanding between the system and the Central Bank, so that it can even be changed through consensus; but there is no legal or regulatory requirement in connection with the rate of fund procurement.

FOLHA: Another matter which concerns a group of small and medium-sized business owners is related to the possibility of creating devices for incentives to develop their exports. Is any notion in this respect materializing?

Galveas: I would say that what the government is doing is attempting to motivate exporters, both small, medium and large, both public and private, and both national and multinational, to engage in the exporting process.

Since we have rid the system of the contrivance of prior deposits, subsidies and tax incentives, we now have an export area operating as a market system. In the monetary budget, the credit expansion for exporting is over 90 percent.

FOLHA: Is the goal of $20 billion in exports still viable, even with the price reductions in the areas of coffee and cacao?

Galveas: Fortunately, this is one of the most viable goals. We are now convinced that, despite a less favorable performance in some export prices, there is compensation by other products, such as soybeans, sugar, iron ore, etc.

FOLHA: In terms of credit, how do you think that the business owner should act now, when his expansion is limited but the pressure is great? Won't we exceed 50 percent? Won't there be a tight situation there?

Galveas: This has already been determined. We are operating with a credit expansion generally on the order of 50 percent (controlled and uncontrolled). I think that a 50 percent expansion is exactly what will happen.

FOLHA: Does that mean that our credit is ended in August?

Galveas: It is not ended, because the banks and financial institutions have scheduled the expansion of their loans in accordance with that 50 percent target. They have a limit of 45 percent in the controlled area, and an area free from inspection. The 45 percent is applied to the funds of the financial institutions themselves. That goal will be attained, and the banks have already been programmed for it.

FOLHA: It has been noted that the majority of banks are already exceeding their limits.

Galveas: We cannot follow the conduct of the financial institutions in a random fashion. We make the follow-up from the balances that they submit. And, to date, we have not found that the deposits are rising and the loans are declining in the proportion that we expected. In other words, we shall have half of the system controlled by the 45 percent limit, and as for the other half, no one can tell exactly what figure it will reach. It depends on the amount that the financial institutions will have at their disposal; but it will not provide over 50 percent.

If, at any time, the financial institutions feel greatly constrained by the 45 percent which is obviously being applied to half of their transactions, they can certainly resort to external deposits for meeting the needs of the system.

FOLHA: But the medium of exchange is leaping upward.

Galveas: Things are occurring more or less with the consistency that we anticipated. There are really some critical areas, such as wage readjustments, which are taking place at levels higher than what we expected.

We are imposing a great sacrifice on the system, which is operating with satisfactory consistency. But now, we have rather unexpected readjustments, such as those for petroleum. There was a fourfold rise in petroleum prices between 1972 and 1974; prices have risen very fast, and this caused the recession, because the worldwide depression of 1975 had very serious effects on Brazil. But we have not absorbed the entire impact of the oil price hikes; we allowed the readjustment to lag with respect to the oil price increase of 1974. Then, when you receive another 150 percent impact from oil price hikes (the current increase), it is far more difficult, because we have not even absorbed the previous hikes, and we are receiving another impact.

The problem is not confined to merely putting an end to the petroleum subsidy. Eliminating the petroleum subsidy means only that the government will not issue paper money to cover the difference between the price that the government pays to buy the oil and the price that it receives for selling the oil; but it does not eliminate the impact of that hike on industrial costs or agricultural costs. And it is not just the price of oil; it is the price of fertilizer and the entire gamut of products linked with oil prices.

Cutting All the Subsidies, But Gradually

FOLHA: But is the government really going to cut the subsidies? There are some who would pay to see that.

Galveas: You are being very unfair in saying that we have made no cuts; we are cutting. But we have a gradual-type monetary policy.

FOLHA: During the time of the Geisel government, they claimed that they were going to put an end to the deal benefiting PETROBRAS [Brazilian Petroleum Corporation], and that oil prices would be corrected merely by the devaluation of the cruzeiro and the external reaadjustments. Now, however, we have a loss of 120 billion cruzeiros in the petroleum account. Who caused this?

Galveas: Well, I have explained that no actual readjustment was made in oil prices with respect to the previous increases, starting in 1974.

FOLHA: They claim that it was starting in 1978.

Galveas: There are two variables which determine the price of oil. The price is set on a particular day, and is in effect for 3 months; then it is set with a higher margin, to absorb the hikes in the external price, the export price and the cruzeiro-dollar ratio, that is, the rate of exchange. Then, since the oil price, generally speaking, remains stable for 3 months, during that period you offer a margin exceeding the readjustment and absorb that readjustment for 3 months. Thus, the two variables which comprise the price of the by-products are the price that you pay to import oil and the rate of exchange that you apply to that contract. And this has not really been readjusted completely, since there was a quadrupling of oil prices in 1974; but that is being done gradually. This is why the government recently accelerated the readjustment of the prices of gasoline and fuel oil, and still has a considerable readjustment to make in terms of diesel oil.

Combating Inflation on Behalf of Social Stability

FOLHA: It appears that the task of combating inflation is a task for the government. There has been nothing new in this regard. What concerns us is the discussion of operational details relating to the matter of techniques for combating inflation. One wonders whether the government is not acting with excessive preoccupation to combat inflation, to the detriment of a plan for the country itself.

Galveas: You must start with the following principle: inflation reduces the chances of growing at higher rates. Inflation has a series of negative effects and, when it reaches a certain level, it develops to the detriment of chances for the economy to grow. It harms the plans of business owners, it causes social dissatisfaction, it leads to strikes which bring work to a standstill, it pressures the balance of payments, it accelerates consumption, and it reduces the tendency to economize. So, a 100 percent inflation ends up causing so many problems that it must be combated, on behalf of economic growth, on behalf of social stability and on behalf of political stability. Inflation cannot be combated by combating inflation alone. The policy of combating inflation is not an end in itself, but is based on a principle which holds that, with greater monetary stability, you have more of a chance for growth.

FOLHA: In the political realm, the government has become more vulnerable with the inflation. That 100 percent level should increase its vulnerability, and it will be remaining above 100 percent for at least 2 months. Or is this not so?

Galveas: But I think that the economy is now more or less adapted to that process, because in Brazil, through the monetary correction system, there are mechanisms which protect the economy from the most negative effects of inflation. We are readjusting the rate of exchange over short periods; we are readjusting wages; we are readjusting prices; we are readjusting contracts; we are readjusting rents; and we are readjusting the monetary correction that is in effect on market securities, on time deposits and on savings accounts. So there are defense mechanisms which really ignore the negative effects of inflation.

FOLHA: In the long run, who gains from inflation?

Galveas: Inflation does not mean that anyone loses or gains thereby. It is possible that inflation may keep all the sectors of the society in their previous situation, and that neither the government, the capitalists or the workers will gain from inflation. That is possible. It is rather difficult, because one of the most important features of inflation is that its effects are not felt equally on all sectors. The relative effects of inflation are varied: some suffer more than others. To determine the cause of inflation, or who gains from it, is complicated. Sometimes, you have a mixture of ingredients wherein several factors are present at a given time. At present, I really could not tell who is profiting from inflation in Brazil.

Note: Participating in this interview were Ruy Lopes, Aule Sallassie, Frota Neto, Andre Gustavo Stumpf and Heitor Terpendino, of the Brasilia branch.

2909
CSO: 3001

EXPORTS IN FIRST 6 MONTHS REACH $9.5 BILLION

Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Jul 80 p 22

[Text] Sao Paulo--Brazilian exports in the first half of this year reached $9.5 billion, with a trade-balance deficit of about $2 billion. Brazilian exporters, however, believe that in the second half they will sell $13 billion, to reach $22 billion by the end of the year. Even so there would be a trade-balance deficit of about $3 billion.

Manufactured exports increased 44 percent over the first 6 months of 1979 and the major exporting sector, automobiles, sold 54,463 units, finding new markets such as Bangkok (Thailand) and Djakarta (Indonesia). Despite the new markets, Volkswagen do Brasil's sales manager, Bernhard Eland, said his company will have trouble increasing exports by 40 percent over 1979 (when it exported $235 million), which would mean a total of $315 million, because $50 million of exports could not be made due to the strikes in the port of Santos and by the metalworkers.

Goal Surpassed

Exporters, in promising total sales of $22 billion, are surpassing the government's goal by $2 billion. Despite this, they confirm that by the end of the year we will have another deficit in the trade balance, due mainly to oil imports of $11.5 billion. Total exports for the first 6 months are $1.5 billion less than petroleum purchases for the year.

Laerte Setubal Filho, president of the Brazilian Exporters Association, explained that by April the country officially had exported $5.5 billion, but by billing $4 billion in May and June arrived at $9.5 billion.

"Exports of $13 billion in the second 6 months are possible, mainly due to good prices for cocoa, sugar, coffee and manufactured goods," he asserted. A survey made by Brazilian exporters indicated that our manufactured products had price increases of 5 to 7 percent in the international market.

Laerte Setubal Filho believes these higher prices for our products are due more to U.S. inflation than to any other factor, adding that "the Brazilian

manufactured product is simply keeping pace with inflation rates in the countries to which we export. This is good for us, because we need to generate foreign exchange."

He also announced that a sector-by-sector survey is being made in the export area which is to be sent to the president of the republic showing that $22 billion in foreign sales can be considered an attainable goal. Exporters, through the Brazilian Exporters Association, have dubbed their fifth national convention in September "Fifth Export Anniversary--Objective $22 Billion."

Major exporting industrial sectors, in view of contracts already signed, are sure that sales will reach their goals. The automobile industry, despite Volkswagen's difficulty in making up for $50 million of unshipped goods, will reach its goal of $2.5 billion, which is a 40 percent increase over 1979.

The textile sector will reach its goal of $1 billion, mainly due to increased sales to Argentina, Chile and Uruguay, besides the traditional clients of the United States and Europe. There are also exports to East Europe.

The footwear and leather sectors will come close to $1 billion also, unless the U.S. government places new duties on Brazilian shoes as some U.S. producers would like. Shoe exports will reach $500 million by the end of 1980, while leather and other leather articles will add $400 million. The United States wants to import leather and put restrictions on footwear. Footwear exports to Russia, now reactivated, should bring in $100 million in 1980.

Alcohol, the newest product in Brazil's export portfolio, will have sales of over $200 million, with many contracts still to be filled, mainly to the United States, which wants to levy a duty on this product also, having already accused it of dumping on the international market due to its low price compared to grain alcohol produced in the United States.

Foreign sales of manufactured goods increased 44 percent in the first 6 months. From April 1979 to April 1980 the increase was 30.6 percent.

According to Laerte Setubal Filho, "the cooling off of the domestic economy is helping exports. Through foreign sales, the only way to maintain industrial sales and also employment, the social problem is being avoided." He believes that "the performance of Brazilian political liberalization is helping exports to the more developed countries.

"If our nation continues to meet its goal of democratization, this performance will be an important trump for us in increasing exports. We can sense this abroad. It is something that is felt, but that cannot be measured," the exporter asserted.

8834
CSO: 3001

ONLY BRASILIA REPORTS DECLINE IN MAY EMPLOYMENT INDEX

Rio de Janeiro O GLOBO in Portuguese 22 Jul 80 p 16

[Text] Brasilia--In May, only the Brasilia metropolitan region had a drop in the aggregate employment index compared to April: -0.13 percent. In the other nine areas surveyed, the index increased very little: Belem, 2.27 percent (the most); Fortaleza and Salvador, 1.13 percent; Recife, 0.09 percent; Belo Horizonte, 0.17 percent; Rio de Janeiro and Sao Paulo, 0.31 percent; Curitiba, 0.52 percent; and Porto Alegre, 0.85 percent.

The data were reported yesterday by the Employment and Wages Secretariat of the Labor Ministry and refer to the monthly survey made by the National Employment System (SINE) in 3,839 companies of the industrial, civil construction, trade and services sectors embracing a total of 2,705,000 employees.

None of the four sectors showed a drop in comparison to April in the Rio de Janeiro metropolitan region. In industry, employment grew 0.04 percent; in civil construction, 1.37 percent; in trade, 0.47 percent; and in services, 0.19 percent. In Sao Paulo there was a drop only in civil construction (down 0.24 percent), with increases in industry (0.35 percent), trade (0.41 percent) and services (0.031 percent).

Comparison

In May, compared to May 1979, the aggregate employment index showed a decrease in the metropolitan regions of Belem (0.05 percent), Curitiba (0.90 percent) and Brasilia (1.61 percent). By sector, civil construction increased only in Fortaleza, Salvador, Recife and Belo Horizonte. The services sector grew in all regions; industry fell only in Belem, Salvador and Rio de Janeiro; and trade increased employment in 9 regions, falling only in Recife.

In relation to the first month of the survey--February 1977--May was lower only in Curitiba--0.50 percent. In the other regions, the indices increased as follows: Belem, 22.28 percent; Belo Horizonte, 15.52 percent; Rio de Janeiro, 8.92 percent; Sao Paulo, 3.67 percent; Porto Alegre, 10.94 percent; and Brasilia, 14.38 percent.

8834
CSO: 3001

EXPERTS ANTICIPATE JULY INFLATION RATE TO BE 7 TO 8 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jul 80 p 24

[Text] Rio de Janeiro--Inflation in July will be between 7 and 8 percent, according to estimates of financial experts who follow the computations of the Getulio Vargas Foundation. Reacceleration of prices in July was acknowledged last week by government sources in Brasilia, although official forecasts were underestimated, according to Rio de Janeiro sources. If prices rise 7.5 percent this month, inflation in the latest 12 months will be 105 percent.

This month's price increases were strongly influenced by increases for petroleum derivatives, corn and meat, all products with considerable weight in the Wholesale Price Index, the General Price Index (which measures inflation) and the Cost of Living Index, which is the price paid by the final consumer.

The latest price increase for petroleum derivatives alone will account for 1.5 percent of July's increase, as these products increased 15 percent and their weight in the index is 10 percent, the experts added.

Pressure from Corn

More surprising, however, is the strong inflationary thrust caused by corn, since the large crop, according to the government, was to be a guarantee that price increases would be restrained in these second 6 months. Corn has a weight of 5 percent in the Wholesale Price Index. If price increases remain in the range of 20 percent this month, its influence on the total increase will be 1 percent.

One of the reasons for the heavy impact of corn is the increasing demand for the product in producing animal rations. Experts who follow the market explain the increased consumption of corn by the fact that the high price of beef is forcing the substitution of consumption of chickens and eggs. Besides, the increased exports of chickens helped greatly to raise the price of corn due to the increased demand for balanced rations. The large corn crop, now estimated at 19 million tons, will not be sufficient to provide for domestic consumption, which alone is already estimated at 19 million tons.

Burdened Month

Government experts, in acknowledging the reacceleration of inflation in July, estimated the increase of prices at a little over 6 percent. In this way they intend to create a less unfavorable expectation among businessmen and consumers. Despite the difference between the estimates already emerging at the end of the first fortnight, there is unanimity as to a higher rate of inflation. Planning Minister Delfim Netto himself admitted in conversations with businessmen this week that July is heavily burdened by inflationary pressures of considerable seriousness.

8834
CSO: 3001

CNI DIRECTOR MENA RESIGNS, REPLACED BY GORDON

Exclusive Mena Interview

Santiago EL MERCURIO in Spanish 24 Jul 80 pp A-1, A-14

[Report on interview with Gen (retired) Odlanier Mena Salinas, director of the National Information Center (CNI), by EL MERCURIO reporter on 23 July in Santiago]

[Text] Barely issued, the acceptance of his resignation was already known.

"My resignation is the result of a strictly personal decision. I feel that I have completed a phase of my life. Actually, a year ago I expressed my intention to resign from this office, but that was not then possible. This is a very complex service, carrying with it immense responsibility and often things are attributed to it that cannot be clarified due to the very nature of the job. At this time, there has been an honest effort to overcome this kind of thing and dignify the situation, and I must say that I have relied on the absolute support of my staff, which I am very fond of."

These were General Mena Salinas' first words on hearing that the president had accepted his resignation as director of the CNI, which happened at 0900 hours yesterday.

At 1000 hours, in a conversation with EL MERCURIO in his second-floor office on Calle Republica, General Mena agreed to answer some questions asked by this daily in connection with his resignation and the post he has occupied since November 1977, when he was officially appointed to it.

When the interview was over, the resigning director met with his successor, Brig Gen Humberto Gordon Rubio, who was appointed new director of the CNI and coordinating chief of security services at 1330 hours yesterday.

When they met him there, our reporters asked Gen Humberto Gordon the reason for his visit to General Mena. Gordon said: "I have come to coordinate our guidelines for the job, which is why we are intensely busy." Regarding

his relations with General Mena, General Gordon said: "Gilanier Mena is an honest, sterling and courageous man and he is endowed with the great virtue of never lying."

Mena's Ideas

General Mena appeared calm and determined to regard as a conversation what the reporters had requested as an interview. Seated in one of the leather armchairs in his spacious office, he answered the questions in a self-possessed manner and without beating about the bush.

[Question] What has happened, general?

[Answer] Nothing has happened here. There have been no misunderstandings. I will continue to extend the president my unbounded respect and support. I am resigning from this position for my own personal reasons.

[Question] Do you believe that terrorism has increased?

[Answer] Subversion did not acquire a new dimension with the death of Commander Roger Vergara. That was an unusual occurrence, but one about which I can tell you that there is a small clue that will lead to the truth. Whoever the authors of this crime may be, they will be found and brought to justice.

[Question] General Mena, do you believe that the criminals are extremists associated with the MIR [Movement of the Revolutionary Left], for example, or other terrorists?

[Answer] The murder of and criminal attack on Commander Vergara is not consistent with the operational practice of the MIR.

[Question] General Mena, what was your position on assuming responsibility for the office you held?

[Answer] The security services perform a specific function and have to guide and inform the government on all national and special matters. This entire function has been carried out within strict legal limits. This is my position: to operate without stepping outside the bounds of the law. I am resigning and my decision is unavoidable. I will turn over my responsibilities this very day.

[Question] Other former directors of this high office have requested bodyguards and in fact still have them. What do you think of this?

[Answer] I am not going to ask for a guard and I am not afraid of anything or anyone. This afternoon I will get into my car and drive home alone and that's how it will be.

And lastly, asked about his probable successor, he said that he had just heard of the acceptance of his resignation: "For the present, I understand that Col Fernando Arancibia, my second department head, who thinks as I do about the job, that is, to do it within the strict limits of the law, will be assuming responsibility."

Gordon Named Director

Santiago EL MERCURIO in Spanish 24 Jul 80 pp A-1, A-14

[Article: "CNI Director's Resignation Accepted"]

[Text] Gen Odlanier Mena has been replaced by Gen Humberto Gordon, until now commander of the garrison of Santiago. Official communiques and director of investigations' denial of his resignation.

Army Brig Gen Humberto Gordon Rubio has been appointed new director of the CNI and security services coordinator by the president.

In that post, he replaces Gen Odlanier Mena, who tendered his resignation to the chief of state yesterday for "personal reasons."

Army Brig Gen Carlos Morales Retamal, who is to retain his position as commanding officer of the military institutes, will succeed General Gordon as commanding general of the garrison of Santiago and head of the Metropolitan Area Emergency Zone and San Antonio Province. Both news reports were made public yesterday, each of them through National Division of Social Communication (DINACOS) official communiques.

Communiques

The first communique reported: "For personal reasons, Gen Odlanier Mena Salinas this morning tendered his resignation as director of the CNI to his excellency the president, Army Gen Augusto Pinochet Ugarte. General Mena's resignation was accepted by the chief of state."

The second one, issued an hour and a half later at 1330 hours, said: "Brig Gen Humberto Gordon Rubio has been appointed new director of the CNI and will be responsible for the coordination of the security services.

"Replacing Gen Humberto Gordon, Brig Gen Carlos Morales Retamal, who will retain his duties as commanding officer of the military institutes, has been appointed commanding general of the garrison of Santiago and head of the Metropolitan Area Emergency Zone and San Antonio Province."

Presidential Decision

We should note that, during his visit to the commune of Conchali last week, President Pinochet announced that, when Col Roger Vergara Campos, the

director of the Army Intelligence School, was murdered by an extremist commando, he had issued an order whereby security services operations would be coordinated under a single command.

Director of Investigations

Elsewhere yesterday morning, there were persistent rumors that Gen (retired) Ernesto Baeza had resigned from his post as Chilean director of investigations.

EL MERCURIO approached the chief of civilian police yesterday afternoon as he was leaving the central headquarters of that organization. "I have not resigned, nor do I have any intention of doing so. These rumors are absolutely false and I have no idea where they come from."

And lastly, General Baeza added: "I am doing my job as usual , just as I do every day."

Career

At 1530 hours yesterday, Brig Gen Humberto Gordon Rubio officially assumed command of the CNI. General Gordon has served as commanding general of the garrison of Santiago and head of the Metropolitan Area Emergency Zone and San Antonio Province.

A General Staff officer, General Gordon belongs to the Infantry. In 1977 he was director general of the Army Logistics Division, in 1976 administrative support commander, in 1974 military attache at the Chilean Embassy in Brazil and in 1973 governor of Aisen Province.

During his military career, General Gordon Rubio served as then President Eduardo Frei Montalva's aide-de-camp.

Among the medals and national decorations he has received, General Gordon is holder of the Armed Forces Military Cross in the classes" "Military Cross," "Military Merit Cross" and "Great Military Merit Cross," the "Minerva Medal" and decorations for "Distinguished Services," First Class, the "Bicentennial of the Birth of the Liberator, Gen Bernardo O'Higgins," "President of the Republic with the Rank of Officer" and "Great Officer." In the United States, General Gordon received an award for his advanced course in infantry training at Fort Benning, Georgia.

General Humberto Gordon

11,466
CSO: 3010

CNI CHIEF'S RESIGNATION, MIR ROLE QUESTIONED

Santiago EL MERCURIO in Spanish 25 Jul 80 p A-3

[Text] The Chilean public has confidence in the government and especially in the sense of duty inspiring the police forces and armed services. Therefore, whatever changes may be made in government personnel or position descriptions, public opinion remains convinced that the government's policies are consistent and reliable over time, that the goals remain the same and that the intention to maintain order, peace and liberty is the first priority of government policy.

Chile has sacrificed much in order to obtain security and order. This sacrifice is justified in view of the high value of security and order.

The murder of Lt Col Roger Vergara, director of the Army Intelligence School, is one of the events which have disturbed the sense of security and order. This official was killed by trained assassins following a strategy. Vergara's assignment was not publicly known. The killers understood his symbolic importance and acted with clear political purposes.

Time has gone by and no extremist group has taken credit for the crime. No one has been able to trace the crime to any particular group.

Gen (ret) Odlanier Mena has resigned from the directorship of the National Information Center (CNI) for personal reasons and in a voluntary fashion. Immediately Brigadier General Humberto Gordon Rubio assumed full charge over CNI.

The former CNI chief told reporters that "the death of Roger Vergara represents no new developments in subversion," adding that "there is a small clue which will lead to the truth" and also that "whoever is responsible for this crime will be caught."

By these words Gen Mena does not state that MIR (Movement of the Revolutionary Left) is responsible for the murder. When answering another question, he went farther and stated: "The actions against Commander Vergara are outside MIR's manner of operating."

We repeat that the public's confidence in the government and the armed forces is complete, but this same confidence requires an explanation for these statements.

Contrary to an invariable pattern, no extremist group has taken credit for the crime. Why?

Why would a resigning director of CNI state at his time of departure to members of the press that in the death of Roger Vergara there is a small clue that will lead to the truth?

Is it proper for an intelligence chief to resign voluntarily when he has knowledge of the "small clue" which he considers to be so important?

What meaning are we to see in the words of Gen Mena when he says that the attack against Commander Vergara and his death are "outside MIR's manner of operating"?

Has MIR perfected its tactics and changed its operating procedures?

Are other terrorist groups active?

Sergio Fernandez, the minister of the interior, declared publicly a few hours after the crime that the terrorists would not succeed in disrupting the rule of law. This is what the immense majority of Chileans want, but it is necessary for the government to give an answer to the questions left behind by the former head of CNI.

11,989
CSO: 3010

MEDIA REACTION TO TERRORIST ATTACK ON CNI HEAD

New Wave of Violence?

Santiago HOY in Spanish 23-29 Jul 80 pp 12-17

[Article by Ignacio Gonzalez Camus]

[Excerpts] From the time that Lt Col Roger Vergara Campos, the head of the Army Intelligence School, was fatally riddled with bullets on Tuesday the 15th, what was just a minor concern a few months ago has again been with us: Is it possible that our island of calm is once again linked to this violent continent and has begun to be contaminated?

If this were the case, it would mean a fundamental change in the scale of established values that the regime has created, as well as perhaps the faint beginnings of doubts regarding principles that are guaranteed, so to speak, by the state.

The assassination of the 43-year old officer met with widespread repudiation. The government, labor unions, the Catholic Church, human rights organizations and well-known opposition figures all voiced their protests and astonishment (the shock of the unexpected). There was almost no one who did not denounce this form of violence and its lethal bullets.

The problem of terrorism has been a top priority for the government, and when the time came to gage the problem, it described it as small-scale.

In a private speech 4 months ago, the interior minister indicated that armed left-wing groups were conducting activities of increasingly minor importance.

In his address to Chilean ambassadors he pointed out that these extremist groups could in no way compromise the nation's stability. He added that we had to remain on the alert, in any case, hence the extension of the state of emergency, which was allegedly preventing terrorism from expanding.

Exile as a Strategy--He also said that another weapon in the battle against violence was to prevent some 10,000 persons from returning to our country. If some 5,000 Marxist leaders were, hypothetically, allowed to enter, they would create chaos, agitation and even terrorism. He said that the exiles include a number of people who could have received guerrilla training overseas.

International specialists maintain in this regard that there are growing ties among world terrorist organizations. Around 1977, the New York Police was saying that there were some 140 of them throughout the globe. The Chilean Government feels that Moscow is the focal point or brain of the network.

Under the current regime, DINA [National Intelligence Department] was the first agency created specifically to combat what the authorities call "subversion." Sociologist Tomas Moulian, from the Latin American Department of Social Sciences, concluded in a study that the repression was "perfectly elastic" until DINA disappeared in August 1977. He described the term to HOY thus: "There were neither moral nor legal regulations or policies to restrict it. The only principle was the end."

When Jimmy Carter became president of the United States and unfurled his human rights policy, "inelasticity" began, according to Moulian; there were no more mass disappearances, and the methods were toned down.

A Different Face--The CNI [National Intelligence Center], the agency that replaced DINA, maintains that it operates in strict accordance with the law. When it was created, its lack of executive powers was highlighted. Its director, retired Gen Odlanier Mena, appears in public, unlike the former head of DINA, retired Gen Manuel Contreras.

On the surface, things could be regarded as quiet. We see a supposedly well established organization. Behind the scenes, however, certain government sectors have begun to ask questions.

Situation Not Critical--HOY spoke with a national security affairs analyst, who indicated that we cannot speak in terms of an "urban guerrilla war." "To do so," he asserted, "is an attack on the country, because something like that could alter the government's decision to achieve total institutionalization." He went on to say that "this is nothing compared to what is happening in other countries." How then might we define the current situation? "It could be a 'transition' from armed propaganda to selective terrorism. We would have the latter if there were more murders or if kidnapings occurred," he replied.

If we look at the political consequences of the assassination, we could deduce from the interior minister's statement that the country will not return to times regarding which certain reminiscences are now being voiced. He said: "The government...feels that it ought to clearly state that neither the recent desperate action...nor any other such action can alter our path toward the definitive attainment of a new set of economic, political and social institutions that will enable us to live in peace, security, justice and progress."

The analyst that HOY consulted added that the domestic security situation can still be regarded as quite stable because what we are seeing are sporadic incidents.

A Conspicuous Specialist--This reassuring analysis was countered by the views of another specialist ("one of the most highly qualified experts in domestic security") who spoke at length in LA TERCERA. About him we know this much: he definitely does not belong to the CNI, according to the clarification that General Mena's agency sent to the paper.

This nameless individual indicated that "there exists an urban guerrilla force, although it is not of major significance," adding that we are now in the stage of "selective terrorism." His statistics seemed to be carefully prepared: he stated that "practically no one has been arrested or put on trial" in connection with the 198 "extremist actions" since November 1978.(when a bombed was placed in the house of the chief justice of the Supreme Court). He added this previously unknown fact: 16 armed attacks have supposedly been carried out against Armed Forces and police barracks and personnel.

How many agents were killed during the time that DINA was in operation? One source told HOY: "There were about 10. The last victim was a police sargeant. More or less 70 were wounded in battle."

The CNI message to LA TERCERA pointed out that the person making the statements to the paper gave "an alarmist impression that does not square with the actual situation and that could lead the public to think that things are not as they really are."

The CNI asserted that it would continue to operate in strict accordance with the current legal framework. The procedural framework was widened, however. In the wake of Lieutenant Colonel Vergara's death, a suspect can now be held in the custody of security or police agencies for 20 days (previously 5) before being handed over to the courts, in the case of investigations into crimes against security in which people are killed, wounded or kidnaped.

The chairman of the Chilean Human Rights Commission, Jaime Castillo, immediately voiced his objection: the period is too long, according to

universally established principles and standards, and could possibly lead to the commission of excesses.

A Legal Regression?--To use Moulian's terminology, this would mean a reduction in the CNI's current "inelasticity." According to reliable sources, a number of security officials in active service want to form an operational group that is less hampered by current legislation. This is, however, an unapproved ambition of a group that seeks to regain a former elasticity.

Responsibility for the murder is another point on which disagreement has arisen. Government spokesmen attributed it from the outset to Marxism. The director of investigations, retired Gen Ernesto Baeza, said surprisingly that "extremism is very broad. You (newsmen) supply the adjective. Moreover, extremism can come from anywhere."

Even by telephone. The archbishop of Santiago, Cardinal Raul Silva Henriquez, stated publicly last Friday that he had received death threats on the occasion of Lieutenant Colonel's assassination. The announcement was made Friday morning. That same afternoon, on instructions from General Pinochet, he was offered additional protection, which he declined "for now."

Talk about the moral, not just physical, responsibility for the crime gave rise to renewed charges against organizations or persons connected with the defense of human rights. The minister secretary general of government, Gen Sergio Badiola, spoke of the "masterminds of these incidents, adding that they can be identified and are "dupes or naive individuals

Castillo once again voiced cautionary remarks: the principle or logic of purges could be a latent element in all such accusations, in other words, start with assumptions and gradually formulate increasingly more serious charges. He added that during the Stalinist era in the USSR the argument was that all terrorists were linked to opposition factions.

For the time being, even the most categorical remarks about the slaying of the army officer end with a question mark. There is, however, one overwhelming desire: that no more blood be shed.

New MIR Structure

Santiago ERCILLA in Spanish 23-29 Jul 80 pp 8-11

[Article by Oscar Sepulveda]

[Excerpts] Just 1 week after the Council of State submitted its report on the first draft of the constitution to the president of

the republic, the country was stunned by the radio news flashes. The director of the Army Intelligence School, Lt Col Roger Vergara Campos, had been shot to death on Tuesday morning, 15 July. His chauffeur, 2nd Sgt Mario Espinoza, was seriously wounded in the attack, and a pregnant woman suffered minor injuries and nervous shock in witnessing the dreadful incident.

What Were They After?

As the week wore on, a genuine debate arose concerning the implications of the crime, the assassins' links, the appropriate government reaction and the current status of terrorism, in addition to details regarding the precautions that the slain officer should have taken and the number of people involved in the murder.

As far as EL MERCURIO was concerned, the main objective was "to make the government impatient and goad it into answering the extremism of subversion with official extremism." It cautioned that those who feared that the objective had been achieved were wrong, because the government responded calmly with the legal means at its disposal, "and this did not entail changes in the solid guidelines set forth for the development of the institutional process." It called the perpetrators of the crime "brazen adventurers who do not hesitate to resort to murder to push our country backwards."

The minister secretary general of government, Sergio Badiola, said: "Marxism in all its forms and its dupes are making it possible for this kind of reprehensible action to take place."

"Neither the desperate action undertaken today," Interior Minister Sergio Fernandez pointed out, "nor any other action can alter our path toward the definitive attainment of a new set of political, economic and social institutions that will enable us to live in peace, security, justice and progress."

His excellency said that every time that action is taken against terrorism, certain people, backed by "respectable organizations and institutions," arise to defend it, and this has led to lukewarm action.

"What are they telling me all these stories for? They are the guilty ones because they are shielding them," he emphasized.

In general, official circles pointed their finger not so much at those materially responsible as at "those who have been filing injunctions for these criminals and who are not capable of saying a single prayer for their victims" and "those who are trying to
ability of intelligence agencies to react, because they are colluding with extremism."

The evening paper LA SEGUNDA was more direct. Just hours after the slaying, it blamed the MIR [Movement of the Revolutionary Left]. In contrast, the head of Investigations, Gen Ernesto Baeza, said that those responsible had not been identified. In addition to stating that extremism had begun another stage in its activities and that "some sort of urban guerrilla war might be plotted," he pointed out:

"The perpetrators are unquestionably trying to cause changes within the government and to show that they have the wherewithal to undertake these kinds of activities."

Nostalgia for the Past

For his part, Alvaro Puga, who some time ago ironically dubbed himself the "president of the friends of General Contreras club, also joined the debate, speaking in the plural:

"Some time ago," he said, "during a political discussion that we did not initiate, we were accused of 'longing for the days of the DINA,' among other hard-line features of our stance. The truth is that after hearing about these developments, we cannot but long for those days, in the total assurance that this vile murder would not have been committed because the preventive work that DINA did was radically effective and guaranteed our citizens peace and tranquility for more than 5 years."

The same paper in which his comments appeared (LA TERCERA) published an extensive interview last Thursday with "one of the most highly qualified experts in domestic security," who asserted among other things that at least 60 persons took part in the assassination and that only 60 percent of the weapons brought into Chile under the UP [Popular Unity] were confiscated. He also asserted that the extremists had adopted the name "Resistance" to gain the sympathy of the people and that it comprised people from the MIR, MAPU [Single Popular Action Movement], PS [Socialist Party] and PC [Communist Party].

He pointed out that their tactics have apparently worked out for them in small towns, because practically no one has been arrested or put on trial in connection with the 198 terrorist actions since late 1978.

"I think that there is an urban guerrilla force operating in the country, although it is not of major significance," said the mysterious interviewee. He went on to say that we are currently in the extremist stage of selective terrorism, which is the forerunner to urban guerrilla war.

Lastly, he asserted that around 1,500 Chileans have received subversive training at a place called Zone Zero in Cuba and that an undetermined number have been trained in Libya.

Both the "longings" of Alvaro Puga and the statements by the "security expert," who some people think was a high-level official in the former intelligence agency, were interpreted as a direct questioning of the job that the CNI has done since its formation. This was how the CNI itself construed them and in a public communique it described the expert's views as "whimsical," especially in connection with the number of extremists involved and the existence of some sort of urban guerrilla force in our country.

"In general," the statement says, "there is a tendency to sensationalize the news by lending it an alarmist impression that does not square with the actual situation and that could lead the public to give thought to solutions other than the ones currently being tried."

In point of fact, part of the discussion seems to be focused on the solutions or methods that differentiate the CNI from the DINA.

Sources close to General Contreras and the aforementioned public statements stress that 1975 and 1976 were the most difficult years for the underground MIR, which has admitted as much . According to the sources, this was because the few officials who did the work during those years were very well trained. Contreras's detractors add that such efficiency could be explained by the way that the adversary operated and was also due to the scant restrictions that it was subject to.

Reasons for What Happened

One of the CNI's major arguments in explaining its poor success is that it has been limited by law, and this led to the most important measure yet taken since Commander Roger Vergara's death. By decree, the CNI can now hold persons arrested for terrorist activities for 20 days (an increase from 5) for questioning.

The other reason is the MIR's new face. Shortly after 11 September 1973 a list of the country's 100 most dangerous persons was published, and at least 60 of them belonged to the MIR.

Some 20 of the 60 have died; the other 40 fled overseas. It is also thought that from 1973 to 1976 the leaders of the underground movement who did not flee were killed in confrontations. Many of them were also held at Tres y Cuatro Alamos and other places until their release. Many of those released and many of those who were never detained fled the country. We know that most of them got together in Cuba and began receiving guerrilla training.

The rank-and-file of the MIR, without leaders or guidance, organized itself once more, but in a totally vertical (commando) structure, though the functions remained the same.

The members of MIR began returning in 1979. Many of the remaining leaders came back to Chile but they found that the movement had new heads. Moreover, the new heads were "clean" or "legal," in other words, they did not have police records because they had never been arrested, and the security agencies were not looking for them. In contrast, leaders, like Pascal, who returned to the country found that they had lost their standing, with the additional drawback that they were "illegal," in other words, they had clear-cut police records and were being sought, which prevented them from moving about as calmly as the others.

MIR then altered its structure. It formed an operations group (the members who returned with more specialized skills and training in new tactics) and a political group (the ones who had never left Chile).

Impossible to Predict

The former are better able to fight and take risks because they are totally dedicated to life in the underground; they are not married and have neither family nor children. This also distinguishes them from those who remained in Chile, who did not break with their family or friends.

This could be the explanation of the recent holdups and assaults, which evidenced the sophistication, cold-bloodedness and mobilization of specially trained terrorists. But we would not go so far as to say that the extremists have actually now begun selecting their targets. The assassination of Lt Col Roger Vergara has these characteristics, but it is impossible to predict what the terrorists might do next.

The notion that a commando group of more than 60 persons was involved in the crime does not seem reasonable either. According to experts, the steps to be observed for this type of attack (selection of, information about and observation of the target, surveying the terrain, studying routes, choice of personnel and replacements for the operation, rehearsal, escape, cover and rescue) could easily by performed by 12 to 15 terrorists.

It is indeed premature to speak in terms of an urban guerrilla force operating in the country. This would require a series of conditions:

--Support of the people. It has been shown that the MIR began its armed propaganda without the support of the Chilean people. The distribution of milk from the SOPROLE [Society of Milk Producers] truck did not generate support among residents.

--The masses have to be armed. The arms and explosives control law has worked, and therefore there are no weapons. The remaining weapons are left over from the ones brought into the country during the previous administration.

--There have to be outbreaks of rebellion in the country. The last one was in Panguipulli. As far as we know, there have not been others.

--It requires direct overseas support from logistics columns and personnel. The MIR's "operation return" is somewhat along these lines, but the number that came in was very small.

--There has to be some sort of domestic chaos for an urban guerrilla group to thrive. The country's economic and institutional gains would not permit it.

--Both urban and rural guerrillas must be extremely mobile; they cannot defend fixed positions or operate in limited areas.

--It is characterized by the use of single identification marks (a symbol, a name, the same uniform). Extremists utilize several names (militias, resistance, commandoes, etc) and wear disguises, not uniforms.

Those who read about the slaying of Lt Col Roger Vergara overseas might think that an urban guerrilla force exists in Chile. Chileans and residents of Santiago in particular know, however, that such a conclusion is exaggerated.

The director of the Army Intelligence School is not an "ideal" victim for the urban guerrillas. As LA SEGUNDA pointed out, his slaying destabilizes external security more than domestic security. But in any case it is too early to venture judgments. Many details have yet to be clarified. The ballistic tests and the verification of fingerprints will have a great deal to say.

Statistics on Terrorism

Santiago EL MERCURIO in Spanish 20 Jul 80 pp D-1, D-2

[Excerpts] The assassination of Lt Col Roger Vergara last Tuesday in Santiago is the fifth homicide committed by extremists so far this year. One boy, two workers and two policemen have also been killed.

Our country accounts for 2.46 percent of mounting world terrorism and 5.03 percent of incidents in the Americas.

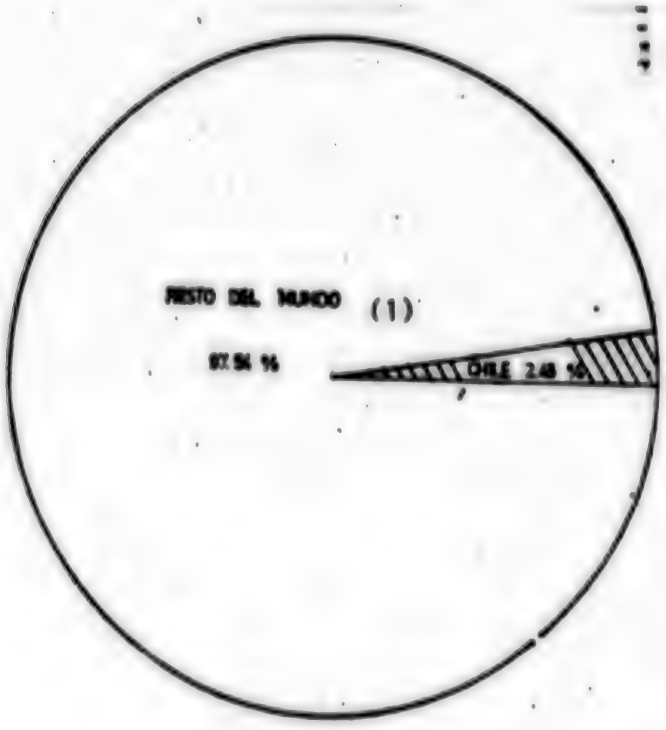
A breakdown of terrorist acts by continent shows that almost half are committed in the Americas, 40 percent in Europe, with the remaining 10 percent or so divided between Asia, Africa and Oceania.

El Salvador tops all of the lists on our continent, followed by Colombia, Guatemala and the United States.

This report, drawn up on the basis of CNI data, dispels the myths and places terrorism in Chile in its true perspective.

Charts 1 and 2 show the level of terrorism in our country in relation to the rest of the world (1) and the other countries of the Americas (2).

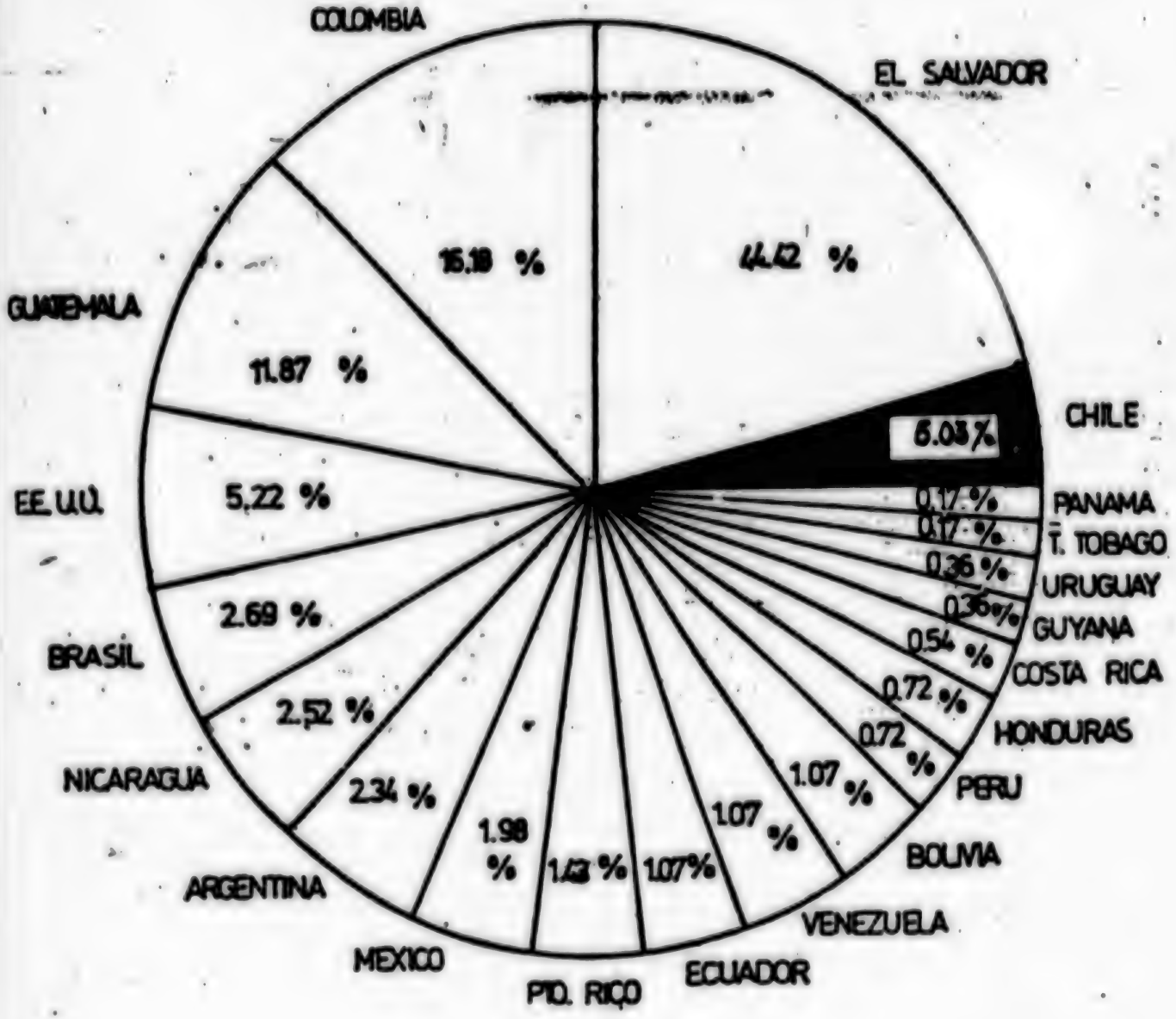
Chart No 1



Key:

1. Rest of the world

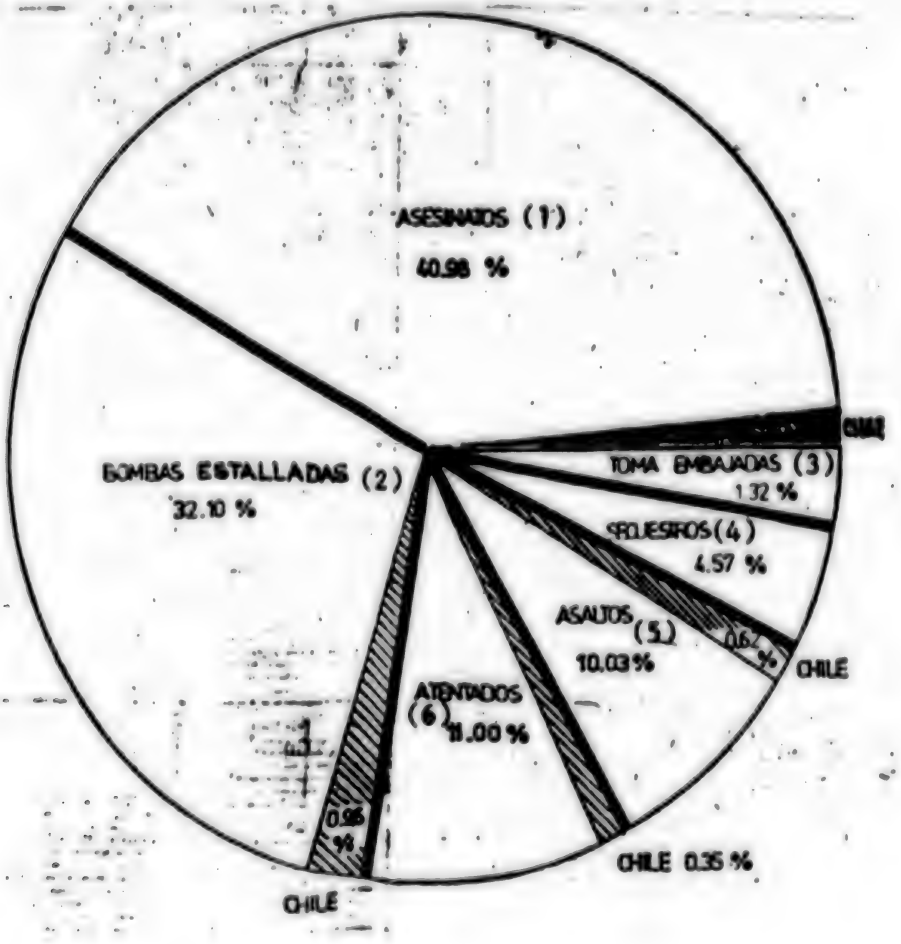
Chart No 2


COLOMBIA
15.18 %
EL SALVADOR
44.42 %
GUATEMALA
11.87 %
CHILE
6.03 %
EE.U.U.
5.22 %
PANAMA
0.17 %
T. TOBAGO
0.17 %
URUGUAY
0.36 %
GUYANA
0.36 %
COSTA RICA
0.54 %
HONDURAS
0.72 %
PERU
0.72 %
BOLIVIA
1.07 %
VENEZUELA
1.07 %
ECUADOR
1.07 %
PTO. RICO
1.43 %
MEXICO
1.98 %
ARGENTINA
2.34 %
NICARAGUA
2.52 %
BRASIL
2.69 %

Forty-one percent of the terrorist acts perpetrated throughout the world between January 1979 and the present were murders. The remainder consisted of bomb explosions, assaults, holdups, kidnapings and embassy takeovers. The latter two "varieties" have not been recorded in Chile.

Chart No 4 shows the various manifestations of terrorism and what proportion of them have taken place in Chile. Our country's percentage of terrorist assassinations has to be revised in light of this week's developments. The darkened section represents the percentage for which exact figures have to be developed.

Chart No 4



Key:

1. Assassinations
2. Bomb explosions
3. Embassy takeovers
4. Kidnapings
5. Holdups
6. Assaults

Subversion in Chile: Summary of the Main Incidents in 1979 and 1980

Homicides

On 23 April 1979 Lieutenant Carevic was killed in Santiago as he was deactivating a bomb placed by extremists. On 21 June 1979 in Santiago, 1st Police Sgt Nicomedes Inostroza was killed in a confrontation with extremists. On 24 November 1979 in Santiago, policeman Bruno Burdiles was killed as members of MIR tried to rob a Concepcion Bank truck at the Agas Supermarket. On 24 March 1980 in Santiago, a boy, Jose Saez Perez, was fatally wounded when a bomb exploded on a street in the district of Conchali. Two people also received injuries. A bomb exploded on 19 April 1980 in Valparaiso and killed two workers. On 28 April 1980 in Santiago, policeman Heriberto Novoa was slain in Caupolican Square on Santa Lucia Hill. On 15 July 1980 in Santiago, Lt Col Roger Vergara, the director of the Army Intelligence School, was attacked and killed.

Extremists Killed

On 13 March 1979 an extremist was killed when a bomb went off that he was making in his house in the Pudahuel district of Santiago. Arturo Nunez, a member of MIR and a commander of the No 1 Paramilitary Group, was found dead in the Quilicura district of Santiago on 4 May 1979. Juan Carlos Gomez, a member of MIR, was slain in a confrontation on 21 June 1979 in Santiago. Iris Vega L. and Alberto Salazar B. were killed in Concepcion in June 1979 when a bomb that they were taking to an undetermined spot exploded. MIR member Victor Manuel Hidalgo was killed during a raid on a house in El Arrayan on 4 August 1979. Ricardo Delfin Ruiz was slain by police on 27 November 1979, and MIR documents were discovered. Oscar Salazar, the number four man in MIR, was killed in a shootout with security forces on 28 April 1980 in Santiago.

Holdups

A SOPROLE truck was held up in Santiago's Nuevo Amanecer district on 6 April 1979. A taxi driver was held up in the Americo Vespucio district of Santiago on 1 February 1980, and the vehicle was subsequently used in extremist activities. A Social Security branch was held up in Santiago on 22 February 1980. On 30 March 1980, the flag before which

Chile's independence was declared was stolen from the National Historical Museum. The Banks of Chile, Credit and Investment and Concepcion, located in Santa Elena-Rodrigo de Araya in Santiago, were held up simultaneously on 11 April 1980.

Attacks

A medium-strength bomb exploded outside the house of businessman Jorge Bergmann in Vitacura, Santiago on 25 March 1979. A terrorist attack took place outside the home of Gen Agustin Toro Davila in Santiago on 9 July 1979. Shots were fired at the War Academy in Santiago on 5 September 1979. A bomb exploded on 5 September 1979 in a Santiago house that belonged to the undersecretary of the interior. The National Secretariat of Pudahuel Youth was attacked in January 1980. Shots were fired at the National Information Center on Avenue Jose Domingo Canas in the Nunoa district on 3 May 1980. A SOPROLE truck was held up on 8 June 1980 in the La Victoria district of Santiago.

Arrests

Jorge Diaz C. was arrested in April 1979 in Santiago for possession of explosives. In June 1979 six people were arrested in Santiago and two in Concepcion for armed propaganda. In July 1979, 3 people were arrested in Concepcion, 13 in Arica and 1 in Santiago for armed propaganda. MIR members Ana Luisa Penailillo and Cesar Fredes Rojas were arrested on 4 August 1979. The La Florida district of Santiago was raided on 6 October 1979, and the extremists Roberto Zamora N. and Ulises Gomez N., who were in charge of putting out the underground paper EL REBELDE, were arrested. A bomb attack was conducted against the intendant of the Ninth Region, Col Atiliano Jara Salgado, on 3 May 1980, but no one was hurt. An FM station run by MIR was seized on 14 May 1980; seven members of the cell were arrested, and clandestine equipment used to print EL REBELDE and the pamphlet EL PROLETARIO was confiscated. Bombs were found in three Santiago hotels on 15 June 1980; one CNI agent was wounded.

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POLITICAL EFFECTS OF LABOR PLAN DISCUSSED

Santiago HOY in Spanish 9-15 Jul 80 pp 24-2

[Article by Maria Olivia Monckeberg and Manuel Delano: "One Year Later"]

[Text] Just a year ago, the Labor Plan finally made its formal appearance. It had been talked about ever since the summer before, when economist Jose Pinera assumed the post of labor minister after pressure from American unionists--from the AFL-CIO in the U.S. and from the interregional ORIT [Regional Inter-American Labor Organization]--who threatened to boycott Chile's foreign trade if union activity remained restricted.

On 1 July 1979, Pinera revealed his plan, which had been questioned from the start by the workers, who saw in it the influence of an economic plan that did not interpret their interests.

Today that plan is a reality. Some 600,000 of the 3.1 million workers who constitute the work force have experienced it personally. The first great cycle, with its nine stages of negotiations, is practically complete. According to official data, the results can be summed up in 2,574 "collective agreements" which, according to the minister, entail real wage increases of 7 to 8 percent on the average.

Pinera took stock of the process on Friday, 27 June, in a seminar at the Chilean Industrial Relations Institute. Speaking before a purely management audience, he recalled that a year ago, "two crucial problems" were raised regarding union affairs.

The first--of an economic and social nature--consisted of allowing the workers to bargain with employers about their wages, without destroying the foundations of the economic plan that the country is developing so successfully. In other words, how to have collective bargaining and at the same time not to have inflation or unemployment or obstacles to the current process of economic growth.

The second problem was extraordinarily complex and of a more political nature. It was to open up freedoms for the labor and trade union sector

without allowing that freedom to be used to create obstacles to the overall progress of the country. It was a question of constructing a free plan, but one with de-politicized union activity."

Few Strikes

Pinera appears to be content with the results. In his opinion, the Labor Plan has been "successful, in giving the workers significant real increases in their wages of 7 to 8 percent, which correspond very closely to the economy's rates of growth and which would be excellent increases in any economy in the world." He emphasizes that this was achieved "without disturbing social peace," which, in his opinion, is shown by the scant number of strikes--65 during the 9 stages of the process or 2.5 percent of the total.

There is another interpretation for the paucity of strikes. Lamberto Cisternas, an attorney and former assistant secretary of labor of this regime, pointed it out to HOY last February: "I am convinced that strikes are not an effective instrument in the Labor Plan because they create effects and consequences such that in practice it becomes inadvisable to continue them." (HOY No 134). Alfonso Silva, manager of the Social Union of Christian Businessmen (USEC), also indicated this, recognizing that "there are significant obstacles to the labor sector having influence, such as the limitations of strikes and unemployment."

Sociologist Mario Alburquerque and economist Raul Iriarte, of Vector, agree that at the end of these nine months, strikes "have shown themselves to be totally ineffective as a bargaining instrument." They indicate that an analysis of the strikes shows that they were few during the first stage; in the second and third stages they increased notably, but in the fourth, they diminished again, almost disappearing during the last stage. According to Alburquerque, this can be explained by the fact that the workers saw in practice the uselessness of resorting to strikes under the terms prescribed by the plan (the possibility of being fired after 60 days, the hiring of strikebreakers and welfare fund payment by the workers for days not worked.)

The specialists also recall that this is happening amidst high unemployment, pre- and post-negotiation firings and business failures and closings. In conclusion, the bargaining results correspond more to the economic and financial realities of the business than to the workers' capacity to apply pressure. Minister Pinera himself reemphasized that "wages should stem from worker productivity" and that one cannot maintain that "wages should be a mechanism for massively and indiscriminately redistributing a society's income, property or power."

In fact, according to the experts, during this stage nothing was redistributed and the workers "consolidated a situation of previous wage deterioration."

"Sooner or Later"

The Information and Analysis Service of the Pastoral Vicarship for Labor (SIAL)-composed of a group of 12 professionals--is evaluating the plan. They say that "one can appreciate the functional quality of the plan within the regime's economic, political and social scheme, in placing the union's struggle on a microplane and integrating unionism into the growth rates of individual businesses and of the productive sector. In this, the workers depend on the status of the business in the marketplace and on the will of management."

But beyond the economic aspect, which directly affects only 17 percent of the Chilean workers--those who have negotiated--the analysts agree in attributing significant political importance to the plan and to collective bargaining in particular. In his latest speech, Pinera said:

"We have created an efficient and free collective bargaining plan and we have recognized a right of the workers which sooner or later would have to be recognized anyway. Obviously, it would be incredibly naive to believe it would be possible to institutionalize in Chile a plan that did not recognize the workers' chance to bargain with their employers over their wages. This would not only be unjust, it would be incongruous to have wage controls in an economic plan which permits free prices. It would not be viable and would incur an astronomical political price."

"The plan that has been created has solved one of the government's toughest problems, which was to create new institutions in this field, but to be careful that the combination of emergency and institutionality did not result in social or political conflicts or serious economic shortcomings. None of that has happened."

Hands Tied

Isn't the minister worried about the results of the union elections, in which the opposition leaders won? When this concern was mentioned to him at the Institute seminar, he replied in these terms:

"There has not been an election in which a leader has taken a position as either proponent or opponent. What happens is that the press looks for a political past in the leader and generally it has discovered that the unions have elected neither former conservative nor liberal party members. But these inventories do not mean anything (...), the relevant thing is not that those people might have a political opinion (...). Under the current scheme, they cannot do anything that has any political relevance at all (...). What they can do is conditioned by economic policy, by the Labor Plan and by the authoritarian regime that we have at present. I believe that what they can do, clearly, is to try to improve the well-being of their rank and file. If they try to do something different, the system itself will punish them through the established mechanisms."

"If the parties bargain technically, the union leader who does not agree with the variables that are at stake will have no chance for success," he explained. "And if political proposals do not bring success, there will not be too many political proposals in the bargaining." He admitted that people may have "leanings in a certain direction, but those are absolutely impossible to eliminate with new laws." They can only be eliminated with time," he said, "when the whole economic, social and labor scheme creates a new culture."

Closer to Minister Pinera's objectives, we may also look at the situation from another angle. To the professionals of the Pastoral Vicarship for Labor's SIAL, for example, the reactivation of union life initiated by the plan is important. And because collective bargaining is at the crux of the conflict between capital and labor, the eventual results might not be the ones desired by the government.

Microconflict

SIAL's preliminary report indicates that this entrance of the workers onto the scene becomes a part of a new form of that conflict. "It could be called an economic-military conflict and it is different from those known in previous decades, in which social conflicts were political-institutional." This is how it summarizes the conditions under which bargaining is being reinitiated.

"The social conflict is restricted to a microeconomic level, since it occurs within the business. The right to strike is no longer an instrument of pressure. The known pressure mechanisms disappear (the political parties, the Labor Ministry is no longer a mediator.) Ineffectiveness of the top union leadership, as traditional practices lose their efficacy. Inability to negotiate and inflexibility imposed by the economic plan. Dispersal and weakness of unionism. High rate of unemployment. New, inexperienced union personnel.

These conditions determine the existence of a new phase. On the one hand, the expectations created and the holding of assemblies and meetings have dynamized unionism. In some way, this is "infecting" the whole social movement. At the same time, this process has created awareness about some vital points that SIAL's professionals summarize as follows:

"As the workers become aware that the enormous weakness with which they face negotiations is not temporary, a new requirement arises: to develop strength from among the rank and file. At the same time, a crisis in union leadership is perceived and a need for unity is born among the rank and file and through a thorough democratization. It is also viewed as necessary to overhaul union style and practices. The workers have been quick to understand that the new legality functions for interests that are counter to the their own. In view of the ineffectiveness of strikes, they see the need to develop more effective means of pressure. An incipient awareness of coordinating efforts and seeking solidarity is arising.

In a meeting with HOY, SIAL's professionals maintained that this reality poses a vital challenge to the political movements: "Objectively, the capital-labor conflict tends to politicize, but the new conditions pose certain requisites: that political proposals be related to the specific conflict and be democratic, unifying and educational."

Although SIAL recognizes that the government has had "an immediately positive result in applying the Labor Plan and has channeled the workers' discontent, it is possible that in the medium run, the situation will change and become much more explosive due to the contradiction between needs and expectations and to the rigidity of the bargaining conditions. Rather than institutionality to maintain order, it is possible that it may be a strait jacket that is too small for the working class."

Minister Pinera does not appear to fear that alternative. The government is confident that, little by little, economic growth will allow everyone "to experience the advantages of the system" and that time will favor its plan. The minister maintained:

"It is possible, then, that during the first stages there may still be leaders who are mistaken, but the system will punish them much more forcefully than the authorities could (...) We have given the workers freedom to affiliate and freedom to censure their leaders and to elect them by free and secret ballot. We have created a collective bargaining plan. We believe that this way, the workers themselves will de-politicize their unions in time, through censure, the creation of new unions and the withdrawal of old ones, or simply through the mistakes they will make during bargaining."

In any case, the debate has just begun and actions will have much to say about it.

8631
CSO: 3010

TURBAY ADDRESSES JOINT SESSION OF CONGRESS

Bogota EL SIGLO in Spanish 21 Jul 80 p 7

[Speech by President Julio Cesar Turbay Ayala to the joint inaugural session of congress on 20 July 1980]

[Excerpt] President Julio Cesar Turbay yesterday stressed the amnesty that he has offered to those who have taken up arms; he stated, however, that in order for it not to be an appeasement, it must result not from negotiations with subversives, but from an agreement among the political forces that are represented in government.

In the introduction to his address to the joint inaugural session of Congress, the chief of state analyzed various aspects of the country's situation and gave assurances that martial law would be lifted if the subversives take advantage of the amnesty that he has offered them.

The following is the text of the president's address:

With the Congress sitting as a single body, as provided for in Article 12 of Legislative Act No 1 of 1979, I have come to fulfill my constitutional duty to open the regular session of the legislature.

It has been nearly 2 years since I came here to swear that I would uphold the constitution and the laws of our republic and to outline my government program to the full Congress. Now, as I near the mid-point of my presidential term, I am pleased to say that most of the commitments that I voluntarily made to the country have been fully met. The houses of Congress have obviously played a wide-ranging role in these public service efforts, for which they deserve my gratitude as president. I can thus state with the joy of a democrat that the Congress has conscientiously studied the government's initiatives and that almost all of them have become legislative acts or laws of the republic. Without the open, clear-cut and determined cooperation of the legislature, the Executive Branch's task would probably have been harder, and the difficulties just about insurmountable.

The 1979 constitutional reform has begun to take effect, and the executive will submit several bills to Congress to further develop the provisions of the constitution. This new step on the road of

major reforms is of essential importance so that the efforts at change by former legislatures are not wasted. One of the most important parts of Legislative Act No 1 of 1979 is unquestionably the bid to restore the prestige and strengthen the authority of the regular system of justice. With this in mind, the government issued the decrees regulating the Superior Council of the Judicature, set the number of its members and appointed them. With the public looking on in expectation, the council is making the right moves, and given the outstanding qualities of its members, we are all confident that it will succeed in its difficult efforts at moral betterment.

The Executive Branch also issued the Criminal Code that had been drafted by a commission of distinguished experts and scholars in this field. Before the special powers in question lapse, we will sign a decree dealing with the Criminal Procedure Code, which is a basic element in the reform and on which drafting work is moving forward satisfactorily. The Congress must, of course, concern itself directly with studying the bills on the government attorney's office; the new functions of the Office of the Attorney General, especially with regard to safeguarding human rights; amendments to the recent election law; regulations for political parties; drafting labor codes, which the government had authorization to issue but which, in an agreement with the workers, it preferred to leave exclusively up to the houses of Congress; the bill governing planning and the bill containing the National Integration Plan itself. We can clearly see that the current legislature has broad possibilities for action in a wide range of governmental areas. I am optimistic about the list of accomplishments that the chambers of the legislature will be able to present, because over the past 2 years they have patriotically, prudently and wisely performed a task of transformation that will leave a deep imprint on our democratic history.

The National Integration Plan

For many years now, various administrations and congresses have been engaged in institutionalizing and carrying out national planning. The efforts of many of my distinguished predecessors were channeled towards this essential objective of the modern state. The 1968 constitutional amendment even went so far as to shape the Commission of the Plan. In the 12 years since then, however, it had been impossible to appoint the commission, due to structural shortcomings that were surmounted only now with Legislative Act No 1 of 1979. Hence, this Congress can take pride in having made the commission possible and, let us hope, in appointing it as soon as possible.

As far as the administration is concerned, I can assert that together with the members of the Constitutional Commissions, it has moved forward in studying the bills on planning and that it will soon submit

for congressional consideration the bill comprising the National Integration Plan that I presented to the country a few weeks ago from the city of Cali.

It might seem unnecessary to stress the importance of the Development Plan within the context of a policy of democratic participation. Nevertheless, I think that it is not too much to assert, before my country's Congress, that the government's obligation to submit an Economic and Social Development Plan to the legislative chambers is certainly a necessary dividing line between past and present government investment and a landmark in establishing our priorities and in an overall approach to development. The plan, which, far from confidential, is open to discussion among all sectors and regions, will enable the country to become fully acquainted with its needs, to take a look at solutions and to work out a comprehensive approach to investments, which without overlooking pressing short-term situations must not sacrifice long-term results to them. Planning will have positive effects to the extent that programs are stable. Therefore, since the Economic and Social Development Plan is approved in the form of a law, it can guarantee the minimum essential stability so that its intentions are not thwarted.

With specific regard to politics, the plan is designed to lend dignity to the confrontation among those vying for control of the government. The public will certainly demand that presidential candidates outline their programs, which rather than just lists of needs aimed at vote-getting, must spell out an allocation of resources to achieve sought-after goals. My own opinion is that an administration's constitutional obligation to submit its program for congressional consideration within the first 100 days of its term should be paralleled by the candidates' duty to opportunely submit their programs for the country's consideration. I think that this approach would lead to the victory of what is popular over what is just populist. The country would have the opportunity to distinguish between those who are aware of the seriousness and scope of our problems and who do not take the liberty of offering an immediate transition from this vale of tears to a paradise on earth and those who are always in agreement with demanding requests even though they are not in a position to comply with them.

I have asserted that our regions, through their legislative representatives, and our economic and social sectors, through the hearings that the Commission of the Plan must grant them, are in a position to make consideration of the plan a real opportunity for its unfettered evaluation in a sort of laboratory in which the scheduled investments are subjected to a rigorous analysis and in which the importance of the projects is duly assessed. Henceforth, no one will be able to complain justifiably of not having an appropriate forum to voice demands and suggest solutions. When it is passed, the plan will become the true national goal whose absence we often feel.

Law and Order

As the presidential candidate of the Liberal Party, I conducted my campaign under martial law, as many of my predecessors have done. I cannot, however, assert that this at all infringed on the guarantees that, like my opponents, I received from the government. Fortunately, the various amendments to Article 121 of the National Constitution have tempered it so that only decrees directly related to the causes of the breach of the peace can be issued pursuant to the article. Its provisions correspond exactly to the temporary regulations of the emergency measures.

It is general knowledge that our laws have been violated and the public's safety jeopardized continuously in recent decades in various regions of the country, first in remote rural areas and more recently in a number of urban centers. Colombians realize that this is a systematic campaign of subversion, which advocates the overthrow of political institutions erected over long years of civilian political party struggle and which has resorted to crime as an ideal tool for achieving its treacherous objectives.

Those who have acted in this way bear the exclusive responsibility for the imposition of martial law. Obviously, to the extent that these anarchical and subversive activities persist, it will be more difficult to return to total normalcy, an ambition that I have repeatedly expressed and that I will now reiterate. This is a sincere and honest wish of an administration that, like mine, resulted from a democratic struggle and that draws its inspiration from principles and sentiments whose roots lie deep in the emancipating dawn of our republic.

The government does, of course, realize that there are serious, deep-seated and longstanding social and economic imbalances that generate poverty and violence. Because it acknowledges this, it has also been engaged in drawing up and implementing major socioeconomic development programs to raise the subhuman living conditions in the countryside, to bring civilization and learning to Colombia's remoter regions and to achieve a harmonious and just development of the various segments of our society, as befits a Christian and democratic community. This has been and will continue to be an unwavering goal and program of my administration. The government has answered and will answer systematic violence and organized crime with the tools that the state of law provides it, to wit, with military action when necessary, by creating sources of jobs, by multiplying infrastructure projects, by broadening health care coverage, by promoting our agricultural and industrial potential, by expanding education at all levels and, most importantly, through a standing invitation to peace and harmony among citizens, because these constitute the essential groundwork for the prosperity and happiness of our people.

The government has said on several occasions that it will be willing to lift martial law when the circumstances are such that complete normalcy in society is possible. With this in mind, it pushed for a constitutional reform of the judicial system and has proposed codes and laws aimed at a return to normalcy. No one can rightfully deny the evidence of such intentions. But since the government cannot unilaterally suspend the state of emergency, it is logical to assume that the nation is waiting for a halt in the subversive struggle, so that the emergency measures can be revoked, public confidence restored and the road to well-being cleared. Here from the Congress of the Republic, the highest expression of our democracy, I once again issue this appeal to all those who have taken up arms, not just to one of the seditious groups. I know that in so doing I am backed by the vast majority of our people, who long for peace.

The subversives, who produced ferocious outbursts during the previous administration, such as the coldblooded assassination of labor leader Jose Raquel Mercado and the kidnaping of many well-known figures, intensified their treacherous designs and as of 7 August 1978 pursued atrocious tactics such as the cowardly assassinations of former Minister Pardo Buelvas and the former manager of the Texas Company, Nicolas Escobar, while carrying out numerous kidnapings and bank holdups, the ill-gotten gains from which furthered their criminal activities.

In a stunning robbery they made off with Armed Forces weapons. They have killed soldiers and policemen. They have been involved in prisoner escapes and crimes such as the takeover of the Dominican Embassy. People here and abroad are well aware of how this incident was handled, which means that I do not have to bring up an issue that could be regarded as a pretext for highlighting my administration's course of conduct, which was proper because it was law-abiding, dignified and humanitarian. The fact of the matter is that the hostages regained their freedom unharmed and that our legal order was not infringed upon in any way. Our strategy can be summarized in a few short words: not to hand over a single prisoner or a single peso. Principles are nonnegotiable, and there is no compromising with regard to laws.

The Amnesty

This outcome has enabled the government, free from pressure, to make a new contribution to the strengthening of the public peace: conditional amnesty to those who have taken up arms. In order for it not to be appeasement, this amnesty must result from an agreement among the political forces that are represented in government and in Congress, not from negotiations with subversives.

Some people have weakly argued that unless an amnesty is negotiated with its intended beneficiaries, it will be humiliating to them. I do not think this is so. How can a pardon be arrogant when it entails a decision not to punish those who have committed or are committing crimes against domestic state security? An amnesty that means forgetting about crimes committed cannot be negotiated, as in the case of an armistice between opposing nations, armies or alliances. I want to make it clear that my administration is offering an amnesty, not proposing an armistice.

It might seem inconsistent at first glance that the amnesty is being limited to the subversives who are at large. However, based on the mechanism that my administration has devised, the positive results of the amnesty will directly benefit those who put down their arms and indirectly benefit those arrested and sentenced for crimes of rebellion and sedition.

Indeed, if those who have taken up arms as members of the various subversive movements avail themselves of the amnesty, their appearance before the appropriate authorities will indicate a return to normalcy and will constitute a decisive contribution to lifting martial law.

Naturally, our society can rest assured that it will be protected. The government will not take false steps in the return to our regular laws; the emergency measures will be revoked only when we are convinced that the reasons for them have disappeared.

Once weapons are put down, there will be no reason to prolong the life of the provisions stemming from Article 121 of the constitution. The immediate result of a lifting of martial law will be that those people sentenced for crimes that could be regarded as political will avail themselves of the permissive or favorable law and will very soon regain their freedom, because as we know, the Criminal Code that is still in force provides light sentences for crimes against the constitutional order. There is, therefore, a logical sequence in the legal and political strategy that the government has shaped to make possible an honorable coexistence and a stable and dignified peace.

A lifting of martial law is advantageous to the government, whose main goal is to return to our permanent laws; it is useful to the Armed Forces because their fellow countrymen and they themselves will be in less danger; it is good for those who have taken up arms, because they can rejoin society and vie in all fields with those who seek the good of the country; it is advantageous to those who have been arrested and sentenced because they would soon regain their freedom, and most of all it is in Colombia's interest, so that it can achieve satisfactory levels of development that will enable it to enhance the quality of life of its inhabitants and to vie successfully amid harsh international competition.

The Battle Against Drug Trafficking

One of the problems that my administration has been most concerned about since its outset is the intensified growing of marihuana and coca, owing to the economic and moral turmoil that this filthy market causes and because of the budgetary and administrative requirements to hold it in check. The government has exerted vigorous and ongoing efforts in this regard, but we must acknowledge that this is a problem of major scope and one that prompts serious concern in official circles.

Among the many major operations undertaken, I would point to the one conducted during the last 2 weeks of January in the towns of Miraflores and Cucuru in the jurisdictions of Guaviare and Vaupes. Air Force and DAS [Administrative Department of Security] agents and investigators were sent there and discovered no fewer than 2,500 hectares of coca plantations, confiscated weapons and laboratory equipment for processing cocaine, seized large amounts of the drug and arrested about 20 alleged traffickers, who were placed in the custody of the appropriate magistrates.

The Armed Forces and the Office of the Attorney General have conducted major antidrug trafficking operations and confiscated sizable amounts of marihuana and cocaine. The National Police's F-2 has also conducted numerous investigations and made extremely important seizures, while the DAS and Customs have confiscated a number of shipments and placed several individuals whom they nabbed in the custody of appropriate magistrates.

Along the Atlantic coast, in particular in the departments of La Guajira, Cesar and Magdalena, many light planes, trucks and other vehicles presumably used in drug trafficking have been seized, and the fines provided for in Decree 2144 of 1978 have been imposed.

We have intensified cooperation with the Government of the United States of America in order to wipe out one of the most dangerous of criminal activities, drug trafficking, which corrupts morals, distorts the economy and has lethal effects on its victims.

In addition to the administrative agreements signed by Colombian and U.S. Government officials, we have signed a new extradition treaty, which is now before the Congress, and we are about to finalize the Mutual Legal Assistance Treaty, which will be a useful weapon in the resolute battle against the powerful, defiant and audacious drug trafficking gangs that continue plying t' ir deadly trade.

The government is taking a look at setting up a special civilian force to carry out, as soon as possible, the mission that was

temporarily assigned to the Armed Forces in the battle against drug trafficking. The military commands have put forth good reasons, which I share, why our troops should not be engaged in activities that are not properly theirs and that, moreover, are fraught with various kinds of dangers. A new body that will be subject to military discipline but that will not be part of the military forces will begin operating very soon. We will thus commence a new stage in the difficult task that we have taken upon ourselves in battling powerful organizations that are not readily halted by crackdowns and that, in fact, are multiplying all over our vast homeland.

The government is alone in waging its battle against this threat. It is not getting any sort of citizen cooperation, nor does society even isolate and expel reputed traffickers from its midst. Although there is probably no legal evidence against these individuals, there does exist a moral conviction that they are responsible.

I think that we still have time to react vigorously against the spread of this social cancer. I enthusiastically appeal to Congress, to our system of justice, to the church, to educators, to the mass media and to the entire Colombian nation to join the battle that the government is waging in unequal conditions against this most dangerous threat to our society. Any slacking off in the battle would be fatal. The enemy is dangerous, and we must deal with him harshly if we really want to render him powerless.

Guarantees

Surrounding the noble function of voting with genuine guarantees is the foundation of public peace and a government duty. The democratic nature of our institutions stems from their origin in the people. When political parties had doubts concerning the fairness of elections, they brought up their angry protests and confronted each other in fratricidal battles.

Successive political agreements over our nation's history were translated into laws and governments acts to guarantee the reliability of election results, and today we can assert that with its imperfections, Colombian democracy has little to envy in nations with a longer republican tradition.

Taking its duties seriously, the government called together office-holders in February to point out to them once again their obligation to be impartial in the exercise of their posts. It also froze appointments of public officials so that unusual bureaucratic movements would not take place on the eve of the elections, and set up a National Guarantees Committee on which all political groups were represented and which operated under the expert leadership of Minister Zea.

The electoral contest proceeded smoothly; not even the takeover of the Dominican Embassy 10 days prior affected it. The nation asserted its democratic will, and instead of being intimidated, citizens marched boldly to the polls. In fact, we can assert that no other off-year election recorded such a high voter turnout as this past 9 March. The results show that 4,219,388 voters cast their ballots, 2,299,485 for the Liberal Party, 1,615,664 for the Conservative Party, 168,179 for the Socialist and Communist parties and 112,069 for miscellaneous groups.

Since Colombian elections are generally marked by voter abstention, it is significant that in many municipalities more votes were cast in the elections for councilmen and deputies than in the balloting for senators, congressmen and even president of the republic.

One of the traits of the democratic system is the right to criticize, which is exercised every day in Colombia and which is subject to no abusive restrictions. This does not, of course, mean that everything is as bad in our country as professional pessimists are claiming; these are the people who do not conceal their joy over national misfortunes, since they enable them to hold the administration responsible. Earthquakes, floods, the dry season, the tragedy of the landslides, the takeover of the Dominican Embassy, OPEC oil price decisions and who knows what else are transformed, as if by magic, into pretexts to oppose the administration.

Therefore, it is gratifying to me and my colleagues that the incessant critics at no time questioned the guarantees that the authorities granted to all political factions for the major electoral contest on 9 March of this year.

This attitude intensifies our republican zeal and obliges us not to slack off from the only course of conduct that the government can take with respect to the presidential succession: absolute official impartiality.

Hence, my successor will be the person whom the people freely choose in elections that reaffirm the qualifications of Colombian democracy and that boost the republic's international prestige to the highest levels.

A Political Understanding

The daily experience of governing and a careful examination of the nation's problems have strengthened my conviction that the cooperation of the two major political parties that have shaped our history and republican institutions is now more necessary than ever to come to grips with the many difficulties besetting our world.

I can assure my fellow countrymen that even if cooperation were not a constitutional requirement, I would still not form a one-party administration; instead, I would be governing as I am today, with qualified representatives of the majority parties.

It would be naive to think that the complex situations that arise every day in Colombia and throughout the world could be best resolved by narrowing a government's political base.

Many statesmen are saying that there are so many economic distortions today, so many social afflictions, so many political tensions and so many unmet needs that we could well think that in a way the third world war has already begun. Without firmly sharing this notion, I at least think that mankind is experiencing a period that can be regarded as far from what we have traditionally called normal.

In our nation's case, we have been hard hit by increasing oil prices, by a ravaging, spreading inflation, by insufficient government revenue, with all of its serious social consequences, and also by disruptive natural disasters. The government has confronted this mountain of problems and tried to dampen their impact. The pace of public investment has not slackened, and to the extent possible major works of progress are moving forward in almost all departments.

Electrification is moving ahead on schedule, and communications at all levels, particularly rural telephone systems, are developing rapidly. Two major mining projects, Cerrejon and Cerromatoso, are showing promising progress. Health care coverage has been extended at a dizzying pace. Care for minors and social investments are clearly and decisively provided for in the National Integration Plan. Public services are being given priority attention, and the victims of natural disasters have been shown the government's solidarity.

The handling of our currency and the handling of the economy in general are good evidence that when experience, imagination and a determination to serve are combined, we can prevent essential values from succumbing to adversity. It would not be logical for us to expect that today's negative international factors would translate into a domestic boom. What we should appreciate, however, is that in an economic situation that is bad for everyone, we Colombians have not been the hardest hit.

The cost of living index and the money supply will probably increase no faster than in 1979. This has not, of course, come about spontaneously; rather, it is due to our handling of economic, monetary and fiscal policy.

8743
CSO: 3010

STRUCTURE OF NEW CONSTITUTION OUTLINED

Bogota EL ESPECTADOR in Spanish 28 Jun 80 pp 1-A, 7-A

[Text] Colombia's new political constitution will have 218 articles divided into 22 sections, one more than in the previous constitution, plus another dealing with the transitory provisions adopted in Legislative Act No 1 of 1979.

The new section concerns the General Comptrollership of the Republic and its functions; the government felt that this office had to be separated from other branches.

Before the 1979 reform, the constitution had 218 articles and 21 sections, plus one section of transitory provisions.

Under the codification bill drawn up by the government, and which the Council of State must evaluate, the total number of articles would remain the same, though their order would be different, and one section would be added.

The bill was submitted by Government Minister Germar Zea Hernandez to the Council of State for its opinion of the codification and any suggestions it might have.

The government minister also asked the Council of State to draft bills to regulate the new functions that the 1979 Legislative Act assigned to the supreme tribunal of administrative law.

Consultation Division

After a plenary session, the Council of State decided unanimously to leave the drafting of a constitutional law and codification bill up to the Consultation and Civil Service Division, which is made up of council members Jaime Betancur Cuartas, Humberto Mora Osejo, Osvaldo Abello Noguera and Jaime Paredes Tamayo.

The new functions of the Council of State are set forth in Articles 11, 13 and 28 of Legislative Act No 1 of 1979 and concern the

authority vested in the council to decide on the refusal of private citizens to appear before the congressional commission that was set up to investigate activities that threaten the country. They also have to do with the removal from office of legislators who become subject to constitutional disqualifications or who fail to attend, without just cause, eight plenary sessions at which proposed laws or constitutional amendments are voted on.

The New Sections

Under the government's bill, which can be amended by the Council of State, the National Constitution will have the following sections:

Section I, The Nation and the Territory; II, National and Foreign Residents; III, Civil Rights and Social Guarantees; IV, Religion and the Church-State Relationship; V, The Branches of Government and of Public Service; VI, Convening and Powers of Congress; VII, The Law-making Process; VIII, The Senate; IX, The House; X, Provisions Common to Both Houses and Their Members; XI, The President of the Republic, the Designate and the Delegatory Minister; XIII, The Council of State; XIV, The Public Ministry; XV, The General Comptrollership of the Republic; XVI, The Administration of Justice; XVII, The Police; XVIII, Elections; XIX, Departmental and Municipal Administration; XX, The Treasury; XXI, Constitutional Jurisdiction; XXII, Amending the Constitution; XXIII, Transitory Provisions.

8743
CSO: 3010

BATTLE FOR SENATE SEATS 'FULL STEAM AHEAD'

Bogota EL TIEMPO in Spanish 18 Jul 80 Sec E p 12

[Text] Starting today, the battle that has been waged for weeks by those aspiring to the new boards of directors of the Senate and to that entity's eight constitutional standing committees will go "full steam ahead."

The most hard-fought contest for the presidency of the Upper Chamber will be headed by the Liberal Senators Libardo Lozano Guerrero of Valle, Jose Ignacio Diaz-Granados of Magdalena and Ancizar Lopez of Quindio. All three have just declared that they are "certain and optimistic" about being elected to this lofty legislative post.

Gaining strength for the first vice-presidency are the names of former Minister Rodrigo Marin Bernal and Emiliano Isaza, the former from Caldas and the latter from Risaralda, and both Alvarista Conservatives.

The Antioquian physician and Liberal, Victor Cardenas Jaramillo, is running for the second vice-presidency.

The outgoing board of directors is composed of Hector Echeverry Correa, a Liberal from Bogota; Silvio Ceballas, an Alvarista and present governor of Quindio; and Jose Name Teran, a Liberal from Atlantico.

Lozano Guerrero, outgoing chairman of the First Committee, which is concerned with constitutional matters, performed praiseworthy work in negotiating the 1979 constitutional reform, which introduced drastic changes in the operation of the justice system and Congress, and is conducting his campaign from the Valle delegation's office in Bogota.

Lopez who, in the previous legislature, lost the nomination for the presidency of the Senate by a single vote by the Liberal senators, has his political stronghold in Armenia and in the Quindio vicinity thereof.

But perhaps most optimistic is Diaz-Granados, who was minister of health in the Misael Pastrana Borrero administration, and who has the backing of the 15 Liberal senators representing the seven Atlantic Coast departments.

The Magdalena congressman explained that, at the board meeting of Liberal senators which will take place next Sunday (when the new regular session of Congress will begin), he is certain to have favorable votes from at least 38 of his colleagues in the legislative group.

Diaz-Granados declared: "I am honored at the support that I have received from a large group of senators, with which I hope to become president of the Senate. I consider that fact alone, which is highly significant now, to be an extremely great honor."

He also said that he has particular regard for Drs Lozano Guerrero and Lopez "who have all the qualifications for aspiring to the position in a cordial competition."

In the Chamber

The campaign for the leadership positions in the Chamber of Representatives is also continuing intensively.

The presidency of the Lower Chamber is assured for the Liberal from Caqueta, Hernando Turbay Turbay, who is completing several years in the chairmanship of the Fourth Committee, in charge of the national budget. To date, there has been no challenger for his nomination.

The first vice-presidency, associated with a Conservative of the Ospino-Pastranista line, is being contested by Amaury Garcia Burgos, from the Atlantic Coast, and Gustavo Duque Ramirez from Antioquia. The forces appear to be balanced.

As for the second vice-presidency, the following candidates have appeared: Felix Salcedo Baldion, from Norte de Santander; Juan C. Arango and Milciades Cantillo, from the Atlantic Coast; and Ricardo Baquero, from Bogota. Thus far, the forces have been inclined in favor of Felix Salcedo, who will hold a reception in the Red Room of the Hotel Tequendama this Friday.

Strangely enough, the candidates for the presidency and the first vice-presidency, Hernando Turbay and Amaury Garcia, as well as Juan C. Arango, are members of the Fourth Committee, on budget.

Jairo Morera Lizcano also has the post of secretary general of the Chamber assured, without challengers.

2909
CSO: 3010

CENSORSHIP OF RADIO, TV BROADCASTS ON M-19

Bogota EL TIEMPO in Spanish 5 Jul 80 p 6-A

[Text] The government yesterday banned all radio and TV reporting, without its consent, on the M-19 Movement, because such reports could well lead to attacks on the country's institutional order.

News programs announced that they would abide by the government's decision, though some had reservations about it, while others felt that it was an attempt to fully enforce the broadcasting statute and the regulations governing Colombian television.

The ban was announced by the Communications Ministry a few hours after the Caracol radio network broadcast two telephone interviews early yesterday with Carlos Toledo Plata and Jose Elmer Marin Marin, two leaders of the M-19. The latter, along with Ivan Marino Ospina Marin, was involved in the escape from La Picota Penitentiary in Bogota on 25 June.

News program executives expressed annoyance over the government order since it constitutes a curtailment of their activities, but they acknowledged its merit in preventing excesses.

The most recent restriction on radio and TV had been imposed on 27 February when the M-19 took over the Dominican Embassy. It was in force from then until 20 March.

The latest restrictions were communicated to the news programs at noon yesterday. They coincide with the M-19's assertion that it is holding a meeting in Panama, to which it has invited top community leaders, to work out a social pact.

8743
CSO: 3010

M-19 LEADERS ESCAPE FROM LA PICOTA PRISON

Bogota EL TIEMPO in Spanish 26 Jun 80 Sec A pp 1, 2

[Text] Yesterday, at the conclusion of a session of the court-martial being conducted against 219 presumed members of subversive groups, two members of the M-19's superior command, Ivan Marino Ospina and Jose Elmer Marin Marin, escaped from the La Picota penitentiary in Bogota.

The escape took place at 1700 hours, "as a result of human error," according to the minister of justice, Felio Andrade Manrique.

The fugitives apparently took advantage of the confusion that prevailed after the court-martial, and mingled with the regular visitors to the prison and some attorneys.

As EL TIEMPO learned, the spectacular plan had been carefully prepared by the M-19 superior command, and called for the complete escape of the ringleaders of the subversive movement, Alvaro Fayad Delgado, Andres Almarales, Carlos Pizarro and Israel Santamaria.

Early this morning, riot control vehicles, about 200 security forces and members of the firemen's corps started an intensive search for the escapees in the penitentiary and its surroundings, and by 0100 hours no positive results had been forthcoming.

The defense minister, Gen Luis Carlos Camacho Leyva, denied rumors to the effect that other members of the 19 April Movement's superior command had accompanied Marino Ospina and Marin Marin in the escape.

The head of the justice department ordered the immediate opening of an investigation to ascertain how the escape occurred and whether trusted persons in the service of the penitentiary had taken part in it.

Last night, the disappearance of the two M-19 members was a mystery to all the authorities, because of the fact that the Army had mounted a heavy security force in the prison and its vicinity.

The absence of Marino Ospina and Marin Marin was discovered at 1800 hours, when the guards were making their regular inspection before the meal. Between 1900 hours and early dawn, the inspections of the inmates and the prison were repeated.

The firemen's corps examined the sewerage systems, the water tanks, the ceilings and all corners difficult to reach within the prison, in view of the possibility that the two missing men had concealed themselves.

Col Orlando Pena Angarita, director of La Picota, headed the general inspection and checkup of the inmates. He was accompanied by high-ranking commanders of the National Police.

The search was exhaustive. It began at 1800 hours and was still in progress at dawn this Thursday. The escape took place exactly 2 months after the disclosure of a plan with the same goal which, according to the initial accounts, involved a considerable number of inmates.

The court-martial began on 18 November of last year. Marino Ospina and Marin Marin participated in the discussion held last Wednesday by six members of the executive committee of the Colombia Workers Union (UTC) with the M-19 superior command incarcerated in La Picota.

Ivan Marino

Born in Roldanillo, Valle, on 16 April 1940, Ivan Marino Ospina Marin was in charge of the organization and training of self-defense units in Riosucio and Calarca. He married Fanny Gomez, a Communist Party militant.

At the age of 27, he took part in an ambush of the Army in Valle del Cauca, carried out by the Revolutionary Armed Forces of Colombia (FARC) under orders from Cesareo Bahamon.

He was a member of the group which attacked the Bolivar estate and seized the liberator's sword. He also assisted in the kidnapping of the murdered head of the Confederation of Workers of Colombia (CTC), Jose Raquel Mercado, and acted in the civil portion of the trial held by M-19 of the union leader, which ended in the execution of the latter by shooting.

He was in charge of the kidnapping of one of the sons of retired Gen Deogracias Fonseca. The same liability is attributed to him in the abduction of Gabriel Esquenazi and Harold Eder.

Disguised with a fictitious name, he purchased property in the rural district of Villa Carmelo, in Valle del Cauca, to be used as a center of operations for the subversive group. On 14 January of last year, he was captured by the third brigade in Cali.

At that time, he identified himself as Felipe Gonzalez, the same name used as a signature on an M-19 communique taking credit for the theft of weapons from the Army's northern cantonment in Bogota.

Marin Marin

Jose Elmer Marin Marin is from Rioblanco, Tolima. He is also known by the alias Mario Roberto. He was born on 5 September 1948. He was captured a day after the arrest of Mario Ospina.

He fell into the hands of the authorities, with Jose Antonio Ramirez Estrada and Andres Peralta Gomez, while they were painting wall signs referring to M-19. He is accused of having executed Jose Raquel Mercado on 19 April 1976.

He is also charged with having participated in the kidnapping of former Minister Hugo Ferreira Neira, and with having abandoned his comrades in confrontations with the Army in Tolima. The latter action cost him a demotion in rank.

He has directed M-19 action in Bogota, and took part in the founding of a training school in Caqueta.

It was also reported that, today, the security council will hold a meeting, apart from the regular session of the council of ministers to be held at 1700 hours, with President Turbay Ayala to establish and enact special programs.

The security agencies have been placed on standby.

M-19 Sends Personal Letters of Invitation to Meeting

Yesterday, the 19 April Movement (M-19) sent personal letters to prominent leaders of the political, industrial and news media areas inviting them to the meeting on 4 and 5 July in Panama to analyze the nation's social status.

EL TIEMPO obtained the text of the messages being circulated by the guerrilla group, which are signed by Jaime Bateman Cayon, the commander-in-chief of M-19.

According to a previous bulletin, the invitation were tendered to Drs Dario Echandia, Carlos Lleras Restrepo, Alfonso Lopez Michelsen, J. Emilio Valderrama, Belisario Betancur, Gerardo Molina, Misael Pastrana Borrero, Alvaro Gomez Hurtado, Alfredo Vasquez Carrizosa, Gilberto Vieira, Luis Carlos Galan, Diego Montana Cuellar, Roberto Arenas Bonilla, Luis Carlos Perez, Eduardo Umana Luna, Hernando Agudelo Villa and Gabriel Garcia Marquez; retired Gens Alvaro Valencia Tovar and Jose Joaquin Matallana, and Maria Eugenia Rojas de Moreno Diaz; democratic newsmen; the guerrilla commanders of the FARC, ELN [Army of National Liberation], EPL [Popular Liberation Army], ADO [expansion unknown] and the Committee for the Defense of Human Rights, among others.

Following is the text of the letter:

"Bogota, 21 June 1980.

"Convinced of your concern over anything that would be of benefit to the country, as well as of your participation in events related to the policy and lives of Colombians, we send you our compliments for that unswerving attitude at times when it appeared that the nation was steeped in a disgraceful indifference or frustrating fear as a result of the unfortunate period of violence which is now showing regrettable signs of repetition.

"Because we do not want our soil, rich in natural resources, to give shelter to injustice among men, converting some into masters and others into slaves; because our nature as Latins forces us to accept the foreigner as a brother, but to reject him if he is an invader; because we must have a government which guarantees happiness for all, and which does not protect a small group of privileged people; because we need liberty as the indispensable oxygen for filling our land with brotherhood, tolerance, magnanimity and greatness, and not caricatures which besmirch its prestige; we desire your attendance in an American land, on a site so esteemed by everyone, namely Panama City, on 4 and 5 July, to hold dialog on these matters, and to find the paths leading to our fatherland's prosperity.

"If, over 2 decades ago, representatives of two political parties met in Europe in an attempt to surmount their differences by alternating in power, why not give up the partisan dispute and, thinking and acting on our continent, engage in the task of starting to create the happiness of all Colombians, without troublesome distinctions to isolate us? If, on that occasion, a solution was selected which it is not pertinent to judge now, why not pool efforts now and, facing the reality, and with the absolute approval of our people, open the great avenue of prosperity and peace which our brothers may traverse with security?

"For these reasons, which cannot shock open, calm spirits, we hope to have your contribution to the achievement of an endeavor of this magnitude.

"Cordially,

"Jaime Bateman C.

"Commander-in-Chief, 19 April Movement, M-19."

We Do Not Wish to Humiliate

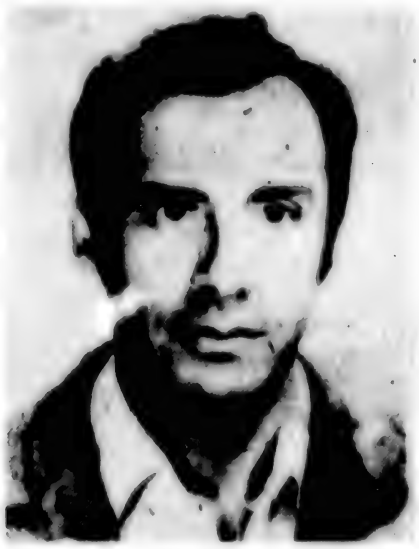
In the bulletin sent in advance of the letters by the guerrilla movement to the news media, Jaime Bateman Cayon and Carlos Toledo Plata maintain that they are not prompted by publicity much less a desire to humiliate the government, explaining that, "if that were the purpose, failure could be predicted now."

M-19 adds: "The current situation being experienced by Colombia does not allow for seeking humiliating surrenders which would hamper the solution to the fundamental problems of a public nature."

M-19 sent a similar invitation to the government on 19 April of this year, when a command from that subversive group was still occupying the Dominican Embassy, and it was flatly rejected by President Julio Cesar Turbay Ayala.

This newspaper learned that some of the personages invited to the meeting would be willing to go to Panama in order to take part in the guerrilla "summit."

Jose Elmer Marin Marin



Ivan Marino Ospina Marin

2909
CSO: 3010

GUERRILLAS HAVE 3 MONTHS TO ACCEPT AMNESTY

Bogota EL TIEMPO in Spanish 20 Jul 80 Sec A pp 1, 6

[Text] Yesterday, the government announced that the urban and rural guerrillas who want to accept its planned amnesty will have a period of 3 months in which to lay down their arms and rejoin community activities.

It also stated that there would be complete freedom enabling the armed rebels to arrange for their surrender with the authorities, noting that any authorities who attempt to arrest them while they are engaged in these negotiations will be subjected to severe penalties.

The bill, which will be submitted by the government to Congress next week, stipulates that the insurrectionists may surrender, for the first time in the country, "to any political, judicial or military authority."

The text of the bill is as follows:

Article 1. Conditional amnesty is to be granted to Colombians who are perpetrators of, or participants in actions which constitute rebellion, sedition or rioting, and crimes associated with the foregoing, committed before this law goes into effect.

The amnesty cited in this law does not include cases wherein the crimes of rebellion, sedition or rioting were associated with kidnapping, extortion, homicide committed apart from battle, arson, the poisoning of water sources or reservoirs and, in general, with acts of savagery or cruelty.

Article 2. The individual who wishes to receive the benefit of amnesty must appear before any political, judicial or military authority within 3 months after the law goes into effect, and turn over any arms, ammunition and explosives that he may have, accompanied by an express, individual statement that he has ceased his participation in the punishable acts noted in the foregoing provision.

When the period of time established in the previous paragraph has expired, legal proceedings will be continued against individuals who have not accepted the benefit of amnesty.

Article 3. Those who appear seeking amnesty may not be taken into custody for the crimes dealt with by this law during the negotiations established for deciding upon it. Any official who takes such action will be liable for the crime of arbitrary arrest.

Article 4. The public official before whom the individual seeking amnesty appears will file a report which must contain:

a. The first name, last name and nickname, if there is one, and a record of the identity papers that he submits;

b. A statement of his participation in the acts cited in this law, giving locations and dates, and expressing his desire to become reincorporated into civil life;

c. A list of the arms, ammunition and explosives that are surrendered.

The report will be signed by the parties concerned, taking the fingerprints of the requester, who will state the place that he has selected as a residence. He will receive a record of his appearance and of the initiation of the amnesty proceedings.

Article 5. Within 5 days after the signing of the report cited in the preceding article, it will be sent to the respective governor, intendant or commissioner.

The public official who receives it must ascertain, within 10 days after its reception, through the most suitable and prompt means, whether proceedings are being conducted against the individual who has appeared, and by which official.

When this period has expired, if there are proceedings under way, the report must be sent to the corresponding superior judge, or to the Military Superior Court, or, if there is none, to the Superior Court of the respective Judicial District which will be authorized to take cognizance of the amnesty according to the terms of this law.

Article 6. When the documentation has been received by the public official cited in the preceding article, he must definitely decide upon the amnesty within the following 15 days.

Article 7. If there are proceedings, the ruling denying amnesty will be subject to appeal, which may be proposed by the accused, his power of attorney or the representative of the public ministry.

Article 8. When there are no proceedings, and the report has been received by the Superior Court, the latter, through the Criminal Court of Decision, will definitely grant amnesty within the following 5 days. The judgment will be executed when it is handed down.

Article 9. A copy of the decision will be given to the beneficiarly personally.

Article 10. The benefit which is the subject of this law is not applicable to those who are under arrest as of 20 July of this year.

Article 11. If the individual benefiting from amnesty commits a crime of rebellion, sedition or rioting within the 3 years subsequent to the date when it was granted, the penalty for the latter crimes will be increased by two thirds.

Article 12. The decision granting amnesty will be transferred to a former adjudication.

Article 13. Public officials who fail to comply with the terms specified in this law will be liable to a charge of misconduct.

Article 14. This law will go into effect as of the date of its passage.

Submitted for the consideration of the Honorable Chamber by the undersigned: the Minister of Goverment, German Zea; the Minister of Justice, Felio Andrade Manrique; the Minister of National Defense, Gen Luis Carlos Camacho Leyva; the Minister of National Education, Guillermo Angulo Gomez.

2909
CSO: 3010

NAVY TO BUY FOUR WEST GERMAN CORVETTES

Bogota EL SIGLO in Spanish 20 Jul 80 p 3

[Text] Colombia has purchased four supersophisticated corvettes for the National Navy, the cost of which may exceed $500 million.

The operation has two phases, namely: 1. The ships will be constructed at the HWD Shipyards in Hamburg, Federal Republic of Germany, and their cost will be $250 million; and 2. The armament for the four corvettes will be purchased from the United States or Israel, at an estimated price of over $250 million. In all, the transaction will amount to $500 million.

Background

Under the Lopez Michelsen administration, the Colombian Navy undertook a modernization program including the purchase of new surface vessels to replace the obsolete ships that were in its service.

Negotiations were begun with Portugal, which had four corvettes built at the Bazan shipyards in Spain for sale, vessels which had participated actively in patrol and military action in Angola.

At that time, the cost of the corvettes was $120 million, but opposing views arose concerning the feasability or unfeasibility of negotiating for the Portuguese materiel, and eventually this possibility was rejected.

Those same ships were subsequently sold by Portugal to the government of South Africa, for $150 million.

The Operation

Over a year ago, when President Julio Cesar Turbay Ayala was in Geneva, the defense minister, Gen Luis Carlos Camacho Leyva, stated that Colombia had requested prices from West Germany, Spain, Sweden and other countries for ships to be purchased for the Navy, but he declined to reveal their features.

In a recent address delivered in Cartagena, President Turbay Ayala offered to provide the Navy with modern equipment before leaving office. Turbay spoke at the graduation of a new class of naval officers.

The ships that the National Navy has have been in use for several years, and their repair is becoming increasingly expensive. For these very reasons their radius for action is short, and does not allow for the patrolling of large expanses of Colombian waters included within the 200-mile limit.

Features

HDW Shipyards will build four corvettes for Colombia with the following features:

Tonnage: 3,800 tons each; propulsion: two G.E. gas turbines, LM 2,500; two MTU-20-V-956 diesel engines; maximum speed: 30 knots; cruising range: 4,000 miles, 7,400 kilometers at 18 knots; type: 122; loaded displacement: 3,800 tons.

The Federal Republic of Germany will deliver to Colombia four corvettes with the aforementioned features at a cost of $250 million, payable in 40 years, with 4 years of grace and other considerable advantages which do not make the transaction burdensome.

The Armament

Each of the corvettes may be armed as follows:

Two Lynk helicopters; eight SS-Harpoon missiles; eight SD-Sea Sparrow missiles; 1 76-mm gun; one 20-tube Breda launcher; two MK 32 torpedo launchers; and an electronic firing system.

For the equipment, Colombia is at liberty to purchase all the armament described, or to limit itself to some of the sophisticated items cited. A decision on the matter is being considered by the National Navy high command.

This equipment may be purchased from the United States or Israel, countries which have offered enormous facilities for payment of the armament, on extensive terms and with years of grace for amortization.

The HDW Shipyards

The HDW Shipyards built the submarines "Pijao" and "Tayrona" for the National Navy, which are engaged in training work and surveillance on the Colombian Pacific and Atlantic coasts.

Throughout the years of their use, the vessels have proven to have quality construction.

However, to date the HMD Shipyards have not manufactured surface vessels, and the Colombian order is the first one that it will fill.

The government of the Federal Republic of Germany has, in turn, ordered from the same shipyards the construction of two corvettes similar to the Colombian ones, in an effort to reactivate the German shipbuilding industry, which is in difficult straits because of the lack of orders, as is the case in other countries with a longstanding marine tradition.

As a result of agreements concluded between the United States, France, Great Britain and the Soviet Union and signed after World War II, the Federal Republic of Germany cannot manufacture this type of armament.

According to reports from Bonn, this ban will apparently be changed, and permission will be granted to the Germans to produce some weapons to supply their armed forces organized within NATO.

Significance

The $500 million which Colombia will pay for the supersophisticated warships is a transaction equivalent to all the sales made at the 13th International Fair in Bogota, which will close today. According to estimates made yesterday, the total of those sales will amount to 20 billion pesos.

One might fittingly call the purchase of the corvettes "the business of the Fair," although the negotiations were concluded some weeks ago.

Thus, the National Navy will have at its disposal corvettes equipped with modern armament, with a displacement of 7,400 kilometers and sufficient supplies to remain on the high seas for several weeks.

According to the rulings established in the Colombian National Constitution, one of the fundamental functions of the Navy is to safeguard the nation's sovereignty, by patrolling the oceans up to the 200-mile limit, something that was almost impossible with the equipment now in service.

Military sources estimate that the four corvettes will go into operation at the end of 1981. The "Corvette Division," which will be subordinate to the Atlantic Naval Force Command, based in Cartagena, will be created.

2909
CSO: 3010

HUBER MATOS SEES CUBAN COMMUNISM IN STATE OF DECAY

Madrid YA in Spanish 11 Jun 80 p 10

[Interview with Huber Matos by Jose V. Colchero: "Marxism-Leninism in Cuba Is in a State of Decomposition"; in Miami; date not given]

[Text] "I endured torture, sometimes beastly and fiendish. The U.S. blockade serves as a pretext for Castro to justify his political defeat."

In a way, Huber Matos is to Fidel Castro in the Cuban Revolution what Leon Trotsky was to Stalin in the Russian Revolution: the great revolutionary figure who from outside the country denounces the errors of the system. Huber Matos, who was Fidel Castro's right arm in the Sierra Maestra, major and hero of the revolution, could not reconcile himself to accept the establishment of communism. Castro "purged" him. He ordered Matos arrested by Camilo Cienfuegos, another victorious major who was also not a communist and who later died mysteriously in a plane accident. Matos was condemned to 20 years in prison, which he served to the very last day. Last 21 October a committee of diplomats picked him up in Havana and brought him to San Jose, Costa Rica.

[Question] When did you meet Fidel?

[Answer] The day I arrived in the Sierra Maestra, on 30 March 1958; but we had been in contact for some time before that, because during the clandestine period I was helping those who were fighting in the Sierra Maestra. This tied me into the 26 July Movement and to Fidel.

[Question] Did you at that time have the impression that you had met the man who might be the top leader of the Cuban democratic movement, or did you already begin to have some misgivings?

[Answer] He impressed my very favorably. He is a man of uncommon intelligence, although he sometimes behaves very stupidly. But at that first meeting, and thanks to his extraordinary talents in everyting pertaining to the art of hypocrisy, he gave me the impression of being full of a thirst for justice, pledged to serve his country and capable of directing the struggle, and so I trusted him.

I threw myself into the struggle against the dictatorship with all my soul and energy. Castro himself put me in command of a column, which I organized according to his instructions. Thus I became one of the outstanding commanders in the course of that struggle. We believed that at the same time we were fighting a cruel and unjust dictatorship, we were creating the conditions to establish in Cuba a true nation with liberty and social justice.

[Question] When you you become disillusioned with Castro, before or after he had you arrested?

[Answer] Long before my arrest--by March 1959--I began to notice that there was a certain amount of infiltration within the revolutionary rank and file. More than an infiltration, it was a gradual turning over of power to the communists in the Armed Forces, in the political apparatus, in public administration. That alarmed me.

[Question] Did they torture you?

[Answer] Yes; on several occasions I endured various types of torture, although I prefer not to use the word "torture," which is quite overworked. It was mistreatment, sometimes beastly and fiendish.

[Question] Were they looking for information, or was it sadism?

[Answer] No, neither. In the prisons Castroism is expressed in these terms: When a man has a certain political reputation they try to destroy him little by little, instead of killing him, which would cause scandal and protest. They prefer to proceed step by step, to turn a man into a wreck. For this purpose they use, for example, confinement in very small cells, turning cells of this type into caves; harassment, provocation, slapping around, taking one out of one's cell at dawn. On some occasions I was subjected to cruel jokes, such as for example, "You have visitors today; tidy up, get dressed; your family is here." I would shave and get cleaned up, and after I had waited for 2 or 3 hours, they would laugh in my face.

[Question] Have you been in contact with any of the Cuban exiles in Spain?

[Answer] I was supposed to have gone to Spain in mid-May, but the trip had to be postponed because of the situation in Cuba. I put off my trip to be able to assist, from here, the emigration of my countrymen. But is is quite possible that I shall go to Spain within the month.

[Question] Part of the Cuban people--more than a tenth--are scattered outside the island. Is it possible that that part of the Cuban people may being down Fidel's government?

[Answer] No. The Cubans in exile will not overthrow Castro. The process which will end Castroism is being generated by the total breakdown of the Marxist-Leninist political system in its Cuban attempt. It is no secret that there is in Cuba a profound political crisis which is being expressed also in a moral and economic crisis. The system is in a period of decomposition; the people have demonstrated that they do not, that they will never, identify with communism, because communism has brought calamity.

[Question] But can't all those shortages be blamed also on the American blockade?

[Answer] No. The blockades serves Fidel Castro as a pretext to justify his failure. What does the American blockade have to do with the very clear and indisputable fact that the youth who have grown up under the communist system reject communism?

[Question] And what possibility do you see that the United States may contribute in any way to the overthrow of Fidel's government? Internal subversion is very difficult in a functioning police system.

[Answer] The Cuban people are giving signs of losing their fear, of resisting, of fighting, insofar as they are able, the oppression of Castro communism; and furthermore, we believe that although Fidel may give exist permits to thousands and thousands of persons who are fighting against his system, the ferment will continue to grow within the Cuban framework. The moment will come when even the Armed Forces, who are the people's own flesh and blood, will speak out.

[Question] If foreign governments had not intervened to get Castro to free you after you completed your 20 years' incarceration, do you believe you would have been able to leave prison and Cuba?

[Answer] One thing I do know is that the Costa Rican delegation arrived at an opportune moment, because the day they arrived in Havana I had been given my last beating in prison, but not right in my cell, as the press published. They took me out of the cell to the main prison under the pretext of interrogation. There I was locked up in solitary. Nine G-2 henchmen beat me and took me in a car, with my hands tied, to the headquarters of the secret police. They kept me there for 50 hours. After the first night, three colonels came to ask me to calm down and to get ready to talk with some diplomats who were going to interview me. I truly did not believe them. And in fact, one morning they gave me some new clothes, took me to have a bath and turned me over to the Costa Rican diplomats, with whom I left Cuba.

[Question] Do you believe the cold war situation of the world will result in Castro's overthrow? Will the balance of forces, the "status quo" between the United States and the USSR, under which they have been respecting each other's spheres of interest, be broken?

[Answer] I do not believe that all this struggle between the Soviet Union and the United States will bring about Cuba's freedom. Nor do I consider it possible that the dispute between the United States and the USSR will in any way result in support for the resistance of the Cuban people. But all I have seen in the East-West struggle leads me to believe that the policy of the Western powers is too cautious and submissive; it is an appeasement policy.

[Question] There are those who think you are selling out to capitalism and those who consider you a "red."

[Answer] I am a democrat by training and by vocation. I don't want any government for my country which means compromising the interests of the people. If you ask me what my ideology is, I would tell you that it is very probably close to Christian democracy. The important thing is that we promise to respect political and ideological pluralism and not return to the corrupt administrative systems of former times. And above all, we must not commit the error of getting rid of our dependence on the Soviet Union only to fall into political and economic dependence on the United States.

[Question] In closing, what is you opinion of Hispano-Cuban relations, especially at this time, when you expect to visit my country before the end of June?

[Answer] Spain--and this is not a criticism of the Spanish people--has unintentionally contributed very effective aid to the Castro dictatorship for years, through its trade. During all this time in which the Cuban people have been suffering oppression, Castro has had an ally in Spain, from the economic point of view. Spain has not done a great business with Castro, but Castro has indeed done a great business with Spain.

PHOTO CAPTION

After the incident at Agramonte Prison in Camaguey, Fidel Castro arrested his revolutionary comrades who had demonstrated against communism. Huber Matos and other officers were arrested and imprisoned. This photo shows Major Matos (with beard) being taken to the La Cabana Military Prison.

8735
CSO: 3010

FREE MARKET SYSTEM RECEIVES ENTHUSIASTIC WELCOME

Havana ANAP in Spanish Jul 80 pp 22-23

[Article by Cornelio Bastista Almaguer; for an earlier, contradictory view of this system, see JPRS 75639, 6 May 1980, No 2144 of this series, pp 19-22]

[Text] When we visited the province of Cienfuegos, sales at the Farmers Free Market had just recently begun. However, one could already hear comments by people who had come to purchase goods there.

In this initial stage of the market, small farmers have brought different kinds of vegetables, grains and fruits to the facilities that were specially designed for this purpose by the People's Governments of each municipality.

In the interviews with rural residents who bring their products to market according to an organized system, after complying with the quotas set up by the storage agency, it was easy to detect the enthusiasm generated by the passage of Decree 66 of the Council of Ministers, authorizing the Farmers Free Market.

The peasants of Cienfuegos are very enthusiastic about Decree 66, which establishes Farmers Free Markets throughout the nation.

In some interviews with members of the National Association of Small Farmers (ANAP) who belong to agricultural credit, service or production cooperatives, the farmers expressed their determination to support the operation of the market and to comply with the quotas in order to bring surplus goods to the public.

In various municipalities all over Cienfuegos comments can be heard about the goods being sold to the population. In Cruces, Rodas, Cumanayagua, Lajas, and Cienfuegos itself, many small farmers are actively participating in this people's market, which will improve more and more each day.

Ismael Leon, a farmer who is a member of the Julio Rodriguez CCS [Service and Credit Cooperative] in the municipality of Cruces, stated in his interview: "I brought red beans, yuca, garlic and onions to town to sell, in accordance with with the established provisions. This kind of sales to the public has many

far-reaching possibilities. I used my own source of transportation to bring the products, but other comrades in this area have indicated that they intend to transport various products, including various types of vegetables and even grains and fruits.

"The prices we set for each product were well received by the people, and sales take place in an organized manner. I want to make it clear that I do not go to the Free Market in order to make a profit; I only intend to increase savings and serve our society better. In addition, all the goods that are available to me after I fulfill my quota will be taken to the market, because I think this is something that deserves the full support of all rural residents."

Cumanayagua Market

Modesto del Sol, administrator of the Free Market that operates in the municipality of Cumanayagua, pointed out that the People's Government has already approved plans to remodel the area of the present market. Three different sections will be built: for sales, storage and slaughtering of animals.

"This market," emphasizes Modesto, "will have all the necessary conditions, in terms of function as well as health requirements. There will even be bathrooms for the farmers who bring their products. We have been visited by many ANAP members who have come to see for themselves how the sales work, and they have come away with a very good impression. They know that they are authorized and protected by law to carry out this kind of activity."

Alejo Hernandez, member of the executive committee of the People's Government Municipal Assembly of Cumanayagua, shows us the construction site of the new market. Work will begin immediately so that the area intended for sales will meet the necessary requirements. Those who bring their products here and those who buy them will feel comfortable here.

Very Useful for the People

Restaurant worker Felicia Leon answers our questions about this subject: "My opinion is that the Farmers' Free Market is very useful for the people, because here we have the opportunity to obtain many food items that we need at home. I like this kind of selling, because you can choose among fresh products. Now we will not have to go to the fields to look for fruits and vegetables, because we will have them in the city."

Rural Women in the Market?

Curiously, our attention was drawn to a woman farmer in the Cumanayagua market who was helping her husband sell the products.

That gave us the idea that in this economic sector women in rural families, who have all the rights and duties of their male counterparts, can also contribute to the success of the market. In fact, they are already doing so indirectly.

One of these women, the wife of a farmer, informed the reporter that every year where they live they gave away mangos, lemons, oranges, coconuts, guavas, and other products that are grown in widespread areas. The people who went out looking for these fruits never paid a cent for them, but after reaching the city they would sell them. Now, however, with the Free Market, this will cease. Our comrade indicates that she and her husband have already agreed to gather these fruits in scattered areas--including the delicious honey berries, custard apples and Seville oranges--so that she can take them to market and sell them. She insists that they will not do this just to earn a few extra pesos, but because it is really a shame that these products, which are needed in the city, are lost or fall into the hands of people who later engage in speculation with them. The Free Market will do away with middlemen, say the farmers, and we do not doubt it.

8926
CSO: 3010

FAR MILITARY SCHOOL GRADUATION, PROMOTION EVENTS MARKED

Education Minister's Speech

Havana GRANMA in Spanish 18 Jul 80 p 4

[Speech by Education Minister Jose R. Fernandez: "Our Soldiers Are Examples of Self-Denial, Modesty, and Loyalty to the Cause of Our People and to the Just Causes of the Oppressed Peoples of the World"]

> [Text] Speech given by Jose R. Fernandez, member, Central Committee, Communist Party of Cuba, vice premier and minister of education, at the graduation exercises of the military training centers held in the Jose Marti Revolution Square on 17 July 1980, "Year of the Second Congress."

We are gathered here, on the historical site of the Revolution Square, to share with you this moment of profound significance, as--following several years of hard work--you cease to be students in the academic sense of the word and become command cadres in our glorious and beloved Revolutionary Armed Forces.

It is a tradition of new FAR [Revolutionary Armed Forces] officers to get their commissions and to take the oath before the people and the statue of Jose Marti. In this spot--which is the exceptional witness to brilliant revolutionary events--and within the context of the celebration of another anniversary of the assault on the Moncada barracks, the commissioning of new officers in the first people's army in this hemisphere constitutes a truly transcendent occasion, at a moment when the fatherland and our people are writing glorious pages in their process of more than 100 years of revolutionary struggle.

We look back upon the last battles fought by the people, who--in the fighting march of workers, peasants, housewives, college students, and soldiers--merged into a monolithic block in order to demonstrate their strength, their unity, and their repudiation of the enemies of the revolution. These

were days of sharp confrontation with United States imperialism, its lackeys, and its ferocious worldwide propaganda against the prestige of the Cuban revolution.

The marches of 17 April and 19 May and the grandiose rally on the Day of the Workers were demonstrations of patriotic effervescence, of reaffirmation and strengthening of the Cuban revolution, of unrestricted support for the policy of our party and the leadership of Fidel.

We always keep in mind the fact that our glorious army, "the people in uniform," as Camilo called it, played its role as an army of revolutionary soldiers, defenders of the working class in power, a factor of cohesion and unity among our people, and a guarantee of its hard work in building a just society.

Our soldiers are examples of self-denial, modesty, and loyalty to the cause of our people and the just causes of the oppressed peoples all over the world. They are the armed arm of the revolution.

For all of these reasons, the oath which they will take, kneeling on one knee, assumes the character of a sacred commitment which they must kee in mind every time the course of events confronts them with a situation in which they may have to face risks or make the principles of our socialist revolution prevail.

Commissioned status denotes not just a specific position in the military establishment but is also a distinction on the scale of society as a whole; it identifies those who are men and women fully devoted to one of the most beautiful and difficult tasks: the defense of the fatherland, which implies not only risks but inevitable hardships generated by the very nature of military service.

The fact that an ever larger number of young people are deciding on this career is a demonstration of the profound assimiliation of the patriotic and revolutionary motivations of military service and constitute proof of their political-ideological maturity.

The thing that makes military service difficult is precisely the thing that gives the FAR their highest attributes and turns them into a vast field where the most diverse aspirations and possibilities for realizing long-cherished dreams can be made to come true, where there is an opportunity to put to the test the initiative and talent which men are capable of as they live the intensive life demanded by youth, a life full of emotions, responsibilities, and exploits.

The nature of the military establishment, made up of the cadres and fighting men in any of our units constitutes an excellent environment where our young officers can apply the knowledge acquired, where they advance at a

good pace in the mastery of their respective specialties, and where they acquire knowledge from their superiors and from their fellow soldiers who have longer experience. On joining these units, they must do so with modesty, they must apply what they learned with boldness and creativity, they must be discreet and above all they must behave in a realistic fashion.

Our Military Training Centers are magnificent institutions which have accumulated years of teaching and education work and which have departments and schools of proven competence and appropriate installations; but no school, no matter how perfect it may be, can reproduce the wealth of life in all of its forms and alternatives and reality will always be richer than any of the theoretical forms in which it is reflected. This is why they must go to the various units with an eagerness to learn and a desire to improve their knowledge which must be enriched and which must become more profound upon being applied in daily work.

As of today, they will have the most important mission of any military commander: they will be personally responsible for the instruction and education of their subordinates whose successes will reflect the work done and whose conduct will also express the influence extered over them. They must see to it that the young people under their command will develop their revolutionary convictions in depth and cause them to mature, that they will fully understand the responsibilities which they have undertaken toward the fatherland, that they will attain the necessary skill level and that, in the final analysis, they will be the kind of soldier the country wants: strong and disciplined, intelligent, capable of acting with initiative and independence, chivalrous and solicitous and above all ideologically and technically ready to fight and win.

In your work with the troops, you must always be guided by the best traditions of our FAR; you must make use of the experience accumulated over many years of hard work and intensive effort by thousands of competent officers and you must think about the best ways to achieve great results. Never forget that the political-ideological motivations are essential in strengthening the fighting spirit.

Allow me in this connection to recall something very important and that is the rapid and efficient way in which thousands of militiamen, workers, and peasants, with widely differing and mostly low cultural levels, learned to handle the equipment and got used to the peculiarities of military service. The answer was always one and the same: the danger of the initial days and the eagerness to defend and preserve the gains of the revolution at any price acted as an enormously important stimulus which made them conquer fatigue, the rigor of military discipline, and which, after several days, turned them into soldiers capable of functioning effectively and winning, as they did in the Bay of Pigs and in Escambray.

Times have changed since then; today we have strong, powerful, and aggresive FAR; but experience teaches us that, to the extent that we are

capable of penetrating into the minds and hearts of the fighting men and to the extent that we can make them aware of their responsibilities toward the nation, the people, and themselves, they will be able to be, as Fidel put it, "efficient and valiant soldiers."

You must keep in mind that good results of work with the troops are essentially tied to the efficiency with which you do your educational work; do not pick the easy way out, the formal way, and above all try to make sure that life in your units will be characterized by an environment of patriotism and responsibility, that your subordinates will develop a high sense of military honor and that exemplary discipline will prevail. For that, you have to be demanding every day and at all times, you must not tolerate any faults, you must not go along with wrongdoing and you must strictly implement regulation requirements; but you have to do that intelligently, calmly, firmly and in a humane fashion so that each correction will be a lesson and a piece of advice of high educational value.

The system of training FAR officers and the standards established for their promotion will enable you to grow without interruption, to take new courses of study, and, as the FAR minister pointed out: "To get where your aspirations are satisfied."

This ceremony evidences a magnificent example of what I said before. This involves the fact that, among the comrades who pinned your insignia on you, there is a group of the first graduates of our Cadet School in 1960. Today they are senior officers who command numerous units or who hold important posts of responsibility on all eschelons in the various staffs. They came to hold these posts without specifically aiming at them, through the ways of serious and efficient work, through merit and their constant eagerness to improve themselves. In some way they constitute a mirror of what your future may turn out to be among the officer cadres of the FAR.

For many of those of us who attend this ceremony, it is impossible to refrain from recalling other times, when the revolution was still young and when our enemies made every effort to destroy it. Then, as today, we had an entire people ready to fight and if necessary to die, in order to defend its gains and we had the seasoned but numerically small forces of the Rebel Army. It was necessary for us to train in order to carry out a mission which until then no other people in the hemisphere had faced: to confront the most powerful imperialist enemy on earth who set all of his resources and all of his influence in motion in a vain attempt to destroy our revolution.

Thus began the buildup of our military establishment whose nucleus was formed by the Rebel Army and the Revolutionary National Militia. In a short time we created schools, we built camps, and we gave the necessary military training to thousands of men who had never held a weapon in their

hands and who had never thought that they could do that. Hundreds of workers and peasants became militia officers and beardless youngsters became artillerymen, tankers, signalmen, sappers, and specialists, in all kinds of units and services, so that shortly after the popular triumph of 1959, during the Bay of Pigs invasion, our people was not an unarmed people and our beaches were not undefended.

Our enemies have still not learned the meaning of the miracle brought about by the revolution which, in such a short time, built an army capable of defeating--moreover, in just 3 days of combat--an elite mercenary unit, trained, armed, and supported by the United States military machinery. The Bay of Pigs marked the victory not only of military efficiency and aggressiveness but the entire people also triumphed in real victory. It was the triumph of revolutionary ideas and the crushing defeat of imperialism which, as Fidel and Raul pointed out, "consolidated the presence of socialism in America and made the peoples of the continent a little more free."

Comrade graduates,

The revolutionary wars launched by the Mambi Army, of Cespedes and Agramonte, of Maximo Gomez, of Maceo and Marti, culminated in the national liberation war of the Rebel Army, commanded by Fidel and constitute the great tradition, enriched by the fight of the fighting men who defeated the bandits, through the victories in the Bay of Pigs, Angola, and Ethiopia, and constitute the great legacy which the founders of the fatherland, of the FAR, and the successive generations of fighting men and officers are placing in your hands. Learn all about it, make it shine, develop it in depth, and carry it forward, as your best standard and as your strongest banner.

As you leave your schools, do not forget the knowledge accumulated in books; never fail to study and improve yourselves; turn every goal into a new point of departure and advance along the narrow road which the revolution places before you. Remember your teachers and instructors with affection and educate the others, as they did; be plain and recall the words of Fidel to the effect that "there is no higher rank for an officer than to deserve the consideration, the affection, and the respect of the people."

In the name of the government, the party, the minister of the FAR and the commander-in-chief, I now congratulate you, I extend our greetings to your families and friends, and I wish you every success in your career and in your promising life.

Long Live the Revolutionary Armed Forces! Long live 26 July! Long live the commander-in-chief Fidel! Fatherland or death! We shall win!

Colonel Paumier Salas' Speech

Havana GRANMA in Spanish 18 Jul 80 p 4

[Speech by Col Eusebio Paumier: "The new missions you face will have the magnificent support of the commanders, the deputy commanders for political activities, and the party and Union of Young Communists organizations"]

[Text] Address by Col Eusebio Paumier Salas at the graduation exercises of the Military Training Centers held in the Jose Marti Revolution Square on 17 July 1980 "Year of the Second Congress."

Comrade graduates,

I first of all want to thank you for the high honor extended to me in having been chosen to present the graduation insignia to the contingent of young officers who are graduating here today.

Those of us who graduated with the first class have had the privilege of working and developing ourselves over the past 20 years in our glorious FAR and we salute and congratulate with all our hearts the comrades who today are commissioned here.

It is impossible to look upon this new generation of officers without recalling the moments when, through the initiative of our beloved commander-in-chief, the first cadet course in our FAR was organized and held. At that time a great effort was required by our government and extraordinary determination was needed on the part of the organizers to provide impetus for cadre training. The conditions under which instruction was given also called upon us to muster all of the determination that we were capable of and, as the Comrade Minister of the FAR, Army Gen Raul Castro Ruz told us, to "rely more on your brains than on your bullets."

Under conditions a little more difficult than those of today, with less experience and with incomparably more modest facilities, we managed to move ahead, to acquire theoretical knowledge, to train ourselves, to be capable of climbing the mountains and in the end to be able to contribute something to the strengthening of our units.

The officers who graduated were able later on to obtain more complete training and that is a source of tremendous joy for us.

The powerful and [illegible] FAR which we have today were forged through their efforts, dedication, and sacrifices.

We are sure that you will know how to cope with all these circumstances in your duties as officers and that you will be the worthy perpetuators of our people's fighting traditions.

In wishing you every success in your future work, I am convinced that you will at all times, in the discharge of your duties, act with extraordinary modesty, simplicity, and self-denial, and that you will be capable of transmitting the knowledge and habits of discipline you acquired to your subordinates and the rest of the officers.

The commissioned status which is given to you today is a high honor as far as the fatherland and the working people are concerned. This obligates you to comply with and to ensure compliance with the orders, directives, and regulations of military life, with the necessary exigency and firmness. Never forget that the success of your work and the defensive capabilities of the FAR depend on the combat and political training of the men constituting them. This is why you must continue your studies in the units and this is why you must be demanding in training your subordinates.

In the new missions which you have ahead of you, you will have the magnificent help of the commanders, the deputy commanders for political activities, and the organizations of the party and the Union of Young Communists.

We wish you every success and we are convinced that you will be loyal to the people, to the Communist Party of Cuba, to the commander-in-chief, and to the minister of the FAR.

Many thanks.

Pioneer Children's Statement

Havana GRANMA in Spanish 18 Jul 80 p 4

> [Text] Greetings from the Jose Marti Pioneer Organization, read by the author, Maria Maylin Galindo Gutierrez, during the graduation exercises of the Military Training Centers held in the Jose Marti Revolution Square on 17 July 1980, "Year of the Second Congress."

Comrades at the head table,

Comrade cadets and members of the FAR,

Comrades:

At this historical moment and in the name of the Cuban Pioneers we want to present to you our sincere congratulations and our loving greetings, to you the young cadets who today are graduated and who are examples of modesty, simplicity, self-denial, and loyalty without limit to the revolutionary cause and the principles and policy of our party.

We pioneers are very happy over your graduation. In you we can see the heroic defenders of our skies and our earth, those who with careful vigilance watch over our childhood dreams and games, those who have placed so high the name of our fatherland in the accomplishment of internationalist missions, in a word, the dauntless fighting men of our glorious FAR.

In hailing you, we undertake a commitment: to be, like you, faithful and worthy sons of this nation who, with simplicity but with firmness is building socialism, to practice proletarian internationalism, to improve every day, to study harder, to be more disciplined, and to be more aggressive.

It has already become a tradition for us to gather every year in this historical Square of the Revolution, in order to hail you upon your graduation, you who on this occasion are given the name of Graduating Class on the 27th Anniversary of the Assault on the Moncada Barracks. Just 27 years separate us from that 26 July 1953, from that glorious gesture, when a group of men led by Fidel and inspired by the ideas of the genial revolutionary Jose Marti, attacked the Moncada barracks; just 27 years have passed since then and something which at that time was a setback later on, through struggle, effort, and sacrifice by this entire people, became a tremendous victory which brought us to the full and final liberty of our fatherland.

The years have been passing and we are sure that there will always be a 26 July.

Fidel, our Fidel, the Fidel of Granma, the Fidel of the Sierra, of the Bay of Pigs, of the October Crisis, of the First Congress, of the Sixth Summit Conference, of the UN will always guide us to the materialization of the highest ideals in the construction of socialism and communism. Every day our people will be by his side; every day it will support the revolution more, as has been demonstrated in the historical March of the Fighting People against those without a country, against the vagrants and that entire social ulcer that found asylum in the embassy of Peru; in the majestic rally of 1 May and in the firm, calm, and aggressive determination against the maneuvers of the Yankees in the Caribbean.

Comrades:

In this year of 1980 we have an important task which assumes special significance; we are talking about the Second Party Congress to be held at the end of December. This important meeting will enable us to review the resolutions of our First Congress, to find out how far we have advanced, and how much ground we have yet to cover, to pass resolutions and accept pledges which will carry us toward new objectives--all of this within a profound critical and self-critical spirit and with a demanding standard.

The Second Congress will promote a vast mass movement for the accomplishment of the goals and plans that honor this great event. As a part of this nation, our FAR will also work tirelessly to improve their efficiency in combat training and to be ever better prepared energetically to defend what our workers and peasants are building with their sweat, their alertness, and their concern, in order to defend our schools, our factories, cooperatives, and economic plans.

You, the cadets who graduate today, we say to you again with legitimate pride that we feel very happy to have been able to express to you our love, respect, and admiration and we want to assure you of this: Cadets, we will be your backup force! This is so because in us, as Fidel said, "there are deposited the purest ideals of the revolution."

We will follow your example and we will be loyal to your teachings. On this glorious day, we give you a strong handshake and we also give you the eternal smile of the Cuban pioneers, the future soldiers of the fatherland.

Long live this graduating class of the 27th Anniversary of the Assault on the Moncada Barracks! Long live the cadets who graduate today! Long live our FAR! Long live Fidel! Long live Raul! Pioneers for Communism! Let us be like Che!

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ACTION CALLED FOR IN DISPUTE WITH PERU

Guayaquil EL UNIVERSO in Spanish 7 Jul 80 p 9

[Commentary by Dr Tomas Rodrigo Torres: "Attack on Our Territorial Rights"]

[Text] Peru's attacks on our territorial rights have evoked many reactions and have caused some to speak of the Peruvian "invasion." This is an issue which the government of Ecuador must take very seriously indeed.

The statements of the Loja provincial prefect at the meeting of the Ecuador Provincial Councils Association held in the capital of Manabi province save us the trouble of making any additional comment and serve to emphasize what we have often reported in these columns, especially the one published on the editorial page of EL UNIVERSO on 29 April 1980 entitled "Use by Peru of Ecuadorean Waters," which described what has happened and is continuing to happen on our border.

The reports of Loja journalists are in no way empty rumors. They are statements founded on fact. We say this because we are directly in touch with the problem, especially through our border compatriots who had to leave their homes because it was impossible to survive.

On 28 June, 5 Peruvian warplanes flew over Ecuadorean territory in Macara canton, but as of now no explanation has been requested.

Ecuadorean waters, the Puyango and Macara rivers, are being used by Peru based only on the Ecuador-Peru treaty of 27 September 1971, which made gracious concessions to Peru. However, the Puyango and Catamayo rivers, which are the origin of the Tumbez and Chira rivers, flow entirely from Ecuadorean territory, specifically Loja province.

The government of Peru has built the Poechos dam in the Catamayo-Chira basin without the required permission from Ecuador.

As another example, a council member of Macara canton has reported to the Loja Provincial Council that he has been unable to irrigate a parcel of his land

bordering on the Macara River, because when he attempted to take water from the river he was prevented from doing so by the Peruvian national guard.

All along the Ruyango River, Peruvian land on the shore is going unwatered for the same reason, which has caused the farmers to emigrate when they see their land become a desert. Their animals, if they are not stolen by the neighbors from the south, die from lack of water, showing that our compatriots on the border are dying of thirst next to a fountain.

We believe that the 1971 Peru-Ecuador treaty should be revised immediately by the two nations, because it is not acceptable that Ecuadorean river waters should be used by Peruvians while Ecuadoreans on the border are denied access completely.

Hopefully these reports will be investigated in depth and an explanation will be given which will aid the territorial integrity of our nation.

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FSLN DISCUSSES REVOLUTION, SCORES REACTIONARIES

Managua BARRICADA in Spanish 28 Jun 80 p 3

[Reprint of editorial published in issue No 33 of the weekly PODER SANDINISTA: "Reactionary Opportunism"]

[Text] Social changes and the real possibility of bringing about national liberation began with the takeover of political power, but taking over power is not enough to make the revolution. It is necessary to exercise that power for the benefit of the thousands of Nicaraguans who have been exploited for decades.

In 11 months of revolutionary action, we have walked in the midst of tension and have encountered the conflict between progress and those who want to return to the past; we are going ahead with these changes with different degrees of strength and success. We are going ahead while contending with the lack of good will of those opposed to the revolution. It is impossible for them to accept revolutionary measures and revolutionary men.

It is recognized that errors have been committed in the management and in the execution of these multiple tasks; there have also been limitations. Some are inherent to our form of society and others were bequeathed by the former regime.

Well then, these errors and limitations are being used by those who are on the sidelines and are against the revolution in an endeavor to define their own political positions (certainly retrograde) with regard to this process, in an attempt to legitimize themselves at the expense of our difficulties. We have clearly expressed the opinion that, under structural and temporary conditions such as ours, anyone who seizes upon these limitations to attack the revolution is an opportunist. And that is what is happening.

While the people and the vanguard fight for new victories, the reactionaries demagogically call for love and promote speculation, opposing the new tasks and questioning the power of the great majority.

The people must clearly understand that the objectives pursued by the reactionaries, while opportunistically exploiting our errors and limitations, can be explained as follows:

1. They want to separate the FSLN [Sandinist National Liberation Front], as the vanguard, from the mass movement (using the stratagem of not attacking the revolution, but Sandinism).

2. They want to demonstrate, on the basis of the difficulties, that the revolutionary plan is not a historical alternative for the solutions of the problems of the great majority and that Sandinism is incapable of carrying out this plan.

These are the clear objectives of the internal and external reactionaries; but the facts, the changes, are overtaking their backward ideological positions opposed to the plan of the great majority of Nicaraguans. And the fact is that as we progress, each action becomes more revolutionary.

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'LA PRENSA' STAND ON IMPERIALISM QUESTIONED

Managua BARRICADA in Spanish 27 Jun 80 p 3

[Text] On Saturday 21 June LA PRENSA carried a headline on page two which read: "Two Answers to a BARRICADA Article." There is actually only one answer and it has been given by Mr Humberto Belli P. in his article "What Is Imperialism?" Mr Joaquin Pedro Chamorro Barrios accepts his wisdom. For this reason, we are answering the former with the understanding that we are thereby answering the latter.

Don Humberto says that we regard imperialism as the type of domination which Lenin describes in his book "Imperialism, the Final Stage of Capitalism." And later as a gesture of amiable deference to Vladimir Ilyich Lenin he says: Lenin's definition is not bad and the only "but" that Don Humberto finds in it is that it is antiquated and limited to only one type of imperialism.

On this last point, one must remind Mr Belli that Lenin was a practicing social scientist and that at the time that he wrote "Imperialism, the Final Stage of Capitalism," he did it to get to the bottom of all the rot that capitalism is capable of producing, taking into account of course the entire historic social process of humanity, and the exploitive character of the system. Among all that rot, imperialism is to be found as the highest and final stage of capitalism.

Then why bother about Don Humberto's other imperialism?

What Don Humberto does not seem to like is that Lenin, according to him, did not take into account the characteristic traits of the Roman Empire, of the Aztec, Spanish, English and other imperialisms. This, frankly, does not seem serious to us, because Mr Belli forgets that according to the laws of dialectics, human history is one and indivisible and further, that its events are linked together, and that to arrive at capitalistic imperialism it was necessary for humanity to become acquainted with all social-economic forms, from the tribal community to capitalism, passing through Roman slavery of course, which Mr Belli mistakenly calls imperialism.

It is capitalism which in its highest and final stage becomes imperialism, and Lenin, as a serious man of science, must have taken into account all the traits and characteristics of the various socioeconomic forms in arriving at his conclusions. In addition, we believe that science can be verified, and that the last anvil on which it is forged is that of experience and the latter demonstrates who and what imperialism is; hence we, like millions of workers, should make Lenin's definition our own.

Don Humberto goes on to tell us: "To accept Lenin's definition of imperialism means unjustifiedly to limit its scope to only one type. It also means to be out of date."

It is interesting to pause here to bring to the attention of our readers the enormous variety of "theories" of which the defenders of capitalism avail themselves to defend something which history has condemned to death. This is nothing new; it is part of the arsenal of imperialism and is known as ideological diversionism.

Allow us to make one more commentary about Mr Humberto Belli P.'s critique of Vladimir Ilyich Lenin by concluding with his paragraph: "At the present time there are Marxists who have defined imperialism, even that which emanates from capitalistic countries, in a different way."

It would be interesting if Don Humberto would show us these definitions because we are curious to know how a phenomenon whose essential content has not changed can be newly defined. In any case, what some Marxists have done is to develop the Leninist theory of imperialism in response to problems presented by new situations such as, for example, the rise of transnational companies. In doing so, beside the fact that Lenin's fundamental doctrines are at no time denied, the fundamental premise of the Lenin analysis is confirmed; that is, that imperialism is a historical phenomenon resulting from the development of capitalism itself. It is precisely that fundamental truth which Don Humberto attempts to cloud with his diversionary arguments.

Imperialism has always come from highly developed capitalist countries because this is a phenomenon inherent in economies based on the exploitation of man by man, and therefore on private property exploiting the means of production.

If this is universally accepted as an objective fact, how then, can one believe in "socialist imperialism" if under a socialist system the activities which gave rise to imperialism have disappeared forever?

The writer then explains how "Soviet imperialism" (?) came into being. He notes that it came into being after Lenin's death and therefore Lenin was not able to take it into consideration, just as Marx was not able to, and by virtue of this argument Marxism-Leninism is obsolete.

Don Humberto: Marxism-Leninism is not a dogma; what is involved is not a catechism for now and forever. What is involved is a living doctrine which is constantly in motion, which feeds itself constantly on the events that come up in life itself; because of this it cannot become obsolete as long as its cause exists.

But let us get back to Don Humberto as he recommends to us that we not be biased and look at only one kind of Imperialism.

We, Mr Belli, are not biased, we are fighters in a struggle which is known as the class struggle and in it we occupy a position befitting to us and in conformity with it we call a spade a spade.

When you say that we failed to say what motives the USSR had in its interventions, we did so thinking that when we stated those that it did not have, we had made ourselves understood.

After having clarified this, let us follow Mr Humberto as he continues: "Fortunately it is not I who say these things but the great theoreticians of the left." Here is the list of the great theoreticians consulted by the author in order to refute us: Jean-Paul Sartre, Otto Six, Ernest Mandel, Maurice Dob and others. I am sorry to have to tell you, Mr Belli, that your bibliography is not qualified to arbitrate in the case in point, for the problem here is to define what imperialism is, as the title of your article indicates, and we do not find that definition anywhere among the celebrities on which you base yourself.

If the bases which support Don Humberto's arguments are erroneous and unscientific, it was logical to expect conclusions even more subjective. In this he did not disappoint anyone with his article since the "internal coherence" of subjectivism is enviable from beginning to end. His conclusion, "Imperialism is the temptation of the powerful, independent of whether he be capitalist or socialist; it is a weakness of men, not of systems," speaks for itself.

It turns out--according to Don Humberto's conclusion--that the imperialist world wars were the product of the "weakness of men" as was the structure of the world economy leading to the exploitation of the underdeveloped countries; and, getting closer to home, the imperialist interventions in Nicaragua and in the Somoza dictatorship itself--as an expression of imperialist domination--were also the result of the "weakness of men."

If this had been the feeling of the Nicaraguan people we would never have been able to carry out a victorious anti-imperialist fight, and we probably would still be waiting for the "powerful" to become kind so that the oppression and the poverty of our people would end. After all, from Don Humberto's analysis of imperialism as a problem of human nature one cannot derive any prescription for combating it except patience, resignation and hope for a magic change.

But thanks to Sandino and the best of his children who are organized in the FSLN, our country has assimilated a complete history of struggle which has led us to the conviction--and not the fanatic belief--that imperialism is a system based on mechanisms for exploitation which had to be forever eradicated. For that reason we are anti-imperialists and we shall continue to fight this enemy of humanity without respite.

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Sept. 11, 1980